

 <b>SCARBOROUGH</b> BOROUGH COUNCIL	<b>REPORT TO PLANNING &amp; DEVELOPMENT COMMITTEE TO BE HELD ON 8 DECEMBER 2022 AND CABINET ON 13 DECEMBER 2022</b>
	<b>Key Decision</b> <b>NO</b>  <b>Forward Plan Ref No</b> <b>IG3</b>
<b>Corporate Aims: Better Lives, Better Homes, Better Places, Brighter Futures</b>	<b>Cabinet Portfolio</b> <b>Cllr Liz Colling</b> <b>Holder</b>

**REPORT OF THE DIRECTOR –22/244**

**WARDS AFFECTED: ALL WARDS.**

**SUBJECT: REVIEW OF THE SCARBOROUGH BOROUGH LOCAL PLAN – DRAFT FOR CONSULTATION**

**RECOMMENDATION (S):**

That members:

1. agree to the publication of the Draft Scarborough Borough Local Plan for public consultation; and
2. that any substantive changes to the documents arising from Members discussions be subsequently cleared with Chair of Planning and Development Committee and the Portfolio Holder prior to publication; and
3. note that the review of the Scarborough Borough Local Plan is likely to be halted and work to date (up to and including the Draft Local Plan consultation process) will be used to inform the preparation of the North Yorkshire Council Local Plan.

## **REASON FOR RECOMMENDATION (S):**

The Planning and Compulsory Purchase Act (2004) and the National Planning Policy Framework (NPPF) require local planning authorities to prepare local plan documents that form part of the statutory development plan and are the basis for land use decisions, allocations and the determination of planning applications.

Government guidance requires that Local Plans must be kept up to date and determine if a review is required at least every five years; making plans for such reviews where appropriate. It was agreed (Report ref: 19/119) that a review of the Local Plan should progress and the first stage of this was the Issues and Options Consultation in late 2020 (PSM/20/120).

A fundamental requirement of the local plan preparation process is widespread community and stakeholder engagement. This decision will allow the Plan to be published for consultation for a minimum period of 6 weeks, the results of which will be compiled and reported back to Members in due course<sup>1</sup>.

Noting that the Scarborough Borough Local Plan review may be halted at or before vesting day, the responses to the consultation and work carried out to date will form the basis of informing the new North Yorkshire Council Local Plan for the geographical areas covered by the current Scarborough Borough Local Plan.

## **HIGHLIGHTED RISKS:**

The risks of not progressing the review and carrying out consultation as set out in this report are:

Although the Scarborough Borough Local Plan review is likely to be halted the review and information gathered from it will be important to ensure the issues facing this area are taken into account when preparing the North Yorkshire Council Local Plan, post-vesting day. Failure to consult on the Draft Local Plan, which has been based on community and organisational engagement, will result in important issues for this area not being factored into the new Local Plan from Day 1.

The Plan (whether that be Scarborough Borough or North Yorkshire Council Local Plan) requires meaningful and continuous engagement and the publication of this draft will allow the emerging thinking on planning policy and land allocations to be examined and discussed with the community, adjacent authorities and other statutory bodies and groups. Without this involvement, the Plan would be subject to criticism by the Planning Inspectorate who would question the soundness of the Plan (or any Plan that this work subsequently affects) and the manner in which it has been prepared.

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<sup>1</sup> Reporting is likely to be to NYC members as part of the future process of preparing a new Local Plan for NYC  
22/244

With Local Government Reorganisation coming in 2023, it remains important to progress plans as far as possible until such time the Plan is adopted or a formal decision is taken to focus on a Local Plan for the new authority area. It appears increasingly likely that this latter option of preparing a new Local Plan for North Yorkshire will be the way forward. If this is the case then any work carried out on the Scarborough Borough Local Plan review will give the area an excellent head start and better understanding of the issues facing the area that need to be addressed in a wider Local Plan.

## 1. INTRODUCTION

- 1.1 Members will be aware of the Scarborough Borough Local Plan. It is the main planning document of the Borough Council that sets out where development is planned to go over at least a 15-year period from adoption and sets out the policies and strategies that will be used when determining planning proposals.
- 1.2 The Local Plan must be kept up to date. This requirement is embedded within legislation (Regulation 10A of the Town and Country Planning [Local Planning] [England] Regulations 2012 [as amended]) and also within the National Planning Policy Framework (NPPF) 2019, which states at Para 33 that:  
  
*‘Policies in local plans and spatial development strategies should be reviewed to assess whether they need updating at least once every five years, and should then be updated as necessary. Reviews should be completed no later than five years from the adoption date of a plan, and should take into account changing circumstances affecting the area, or any relevant changes in national policy. Relevant strategic policies will need updating at least once every five years if their applicable local housing need figure has changed significantly; and they are likely to require earlier review if local housing need is expected to change significantly in the near future.’*
- 1.3 It is clear that a review of the Local Plan will not be completed within five years, however, the current Local Plan will remain in place until such time it is reviewed or replaced by a North Yorkshire Council Local Plan and will remain the basis for decision making on planning applications.
- 1.4 Following the adoption of the Local Plan in July 2017, it was agreed in 2019 to start the review of the plan to consider emerging national guidance, climate change, demands for high quality design and other local issues. An Issues and Options consultation took place in late 2020.
- 1.5 The Local Plan remains central to delivering sustainable growth in the Borough. It has enabled the increased speed of delivery of housing (including affordable housing), encouraged investment into the business parks across the Borough and been supportive in delivering infrastructure improvements; most recently being the critical supporting factor in achieving a circa £3.6m investment in highways improvements in Scarborough from the Local Enterprise Partnership. This scheme of improvements to four junctions has recently been completed.

## **Local Government Reorganisation**

- 1.6 While the Borough Council is continuing to make progress on its review of the Local Plan, Local Government Reorganisation has complicated this process. Given that the new North Yorkshire Council must prepare and publish its own Local Plan, if possible, within five years of vesting day, consideration must be given to whether ongoing Local Plan reviews should continue or be halted.
- 1.7 The district councils are all at different stages of Local Plan preparation with Selby about to submit their plan to the Government and Hambleton adopting their plan very recently. Scarborough is about to publish its Draft Local Plan (review) and is therefore not as progressed as Selby or Ryedale. Work is ongoing with officers across the County area and final decisions on which plans will continue/be halted will be made shortly.
- 1.8 The current proposal is that the Scarborough Borough Local Plan review should be halted upon completion of the consultation on the draft document. Whilst this remains a decision locally up to the date of investiture, there needs to be a recognition of the likely implications post-vesting day.
- 1.9 As stated above, the emerging proposal would potentially see the Scarborough Borough Local Plan halted following completion of the consultation on the Draft Local Plan. This decision is yet to be formally made but has been based on the regulatory need to prepare a new plan for North Yorkshire (within five years), the staff and financial resources available to accomplish this and the economies of scale that can be delivered by preparing a single plan. On this latter point, the evidence required to support a local plan is significant and preparing this across the North Yorkshire area as a whole will deliver economies of scale compared to preparing seven or eight individual pieces of work.
- 1.10 This also eliminates the current problem of eight separate plans at various stages of completion and will, in due course, make decision making much more streamlined as a single local plan will cover the whole authority area (excluding the National Park areas). It will be the basis for all decision making on planning applications across North Yorkshire.
- 1.11 Halting the current review after the draft stage will allow officers from SBC to be fully invested in the early preparation of the new NYC Local Plan, thus ensuring that important local issues are captured at the earliest stage of (NYC) plan production. Given present resourcing (staff) levels within the policy team, and owing to the commitments associated with progressing the Local Plan review through to adoption, it is unclear how these two workstreams (SBC and NYC plans) could be progressed concurrently. Therefore, whilst the decision to halt the SBC Plan review is disappointing, it is not wholly unexpected.
- 1.12 We have ensured that should this happen then at least the Draft Local Plan will have been consulted upon. This will provide an excellent understanding of the views of the community and developers in respect of the new and amended policies proposed as well as potential housing allocations. It will therefore be

an important piece of evidence that will feed into the new NYC Local Plan when considering the former area of Scarborough Borough.

- 1.13 It is therefore important that Members fully understand that the policies that we propose for the review may be adopted in the future but it is most likely that this will be within the North Yorkshire Council Local Plan, and at least 5 years post vesting day. This will be disappointing to Members who would wish to see certain requirements adopted sooner than this – examples include Nationally Described Space Standards for new housing.
- 1.14 It is also important to make it clear for consultees that the work carried out here will contribute to the wider NYC Local Plan. Likewise, landowners and site promoters need to understand that the Scarborough Local Plan review is likely to be halted and their sites considered further through the NYC Local Plan.

## **2. CORPORATE OBJECTIVES AND THE COMMUNITY PLAN**

- 2.1 Ensuring the Local Plan is reviewed and up to date will align with the Council's aims and ambitions as highlighted in the Corporate Plan:
  - People - to have a safe, happy, healthy population with people who feel valued and included
  - Place - to protect and improve our environment, now and for the future
  - Prosperity - to develop a prosperous and innovative borough, with a highly skilled and aspirational workforce

## **3. BACKGROUND AND ISSUES**

- 3.1 The issue for Members consideration is the draft Local Plan and the consultation on the policies and allocations contained therein.
- 3.2 The other issue of note is the information relating to the future of the review and what is likely to happen with the Local Plan post-Local Government Reorganisation.

## **4. CONSULTATION**

- 4.1 The document has been prepared in light of stakeholder consultation through the Issues and Options Document consultation in late 2020.
- 4.2 Prior to and following the Issues and Options consultation there has been continuous Member involvement in policy formulation through the Local Plan Members Working Group which meets regularly to discuss evolving policy, allocations and the overall context of the plan. A briefing session to which all Members are/were invited was held on 24 November 2022.

- 4.3 Subject to the document being approved for consultation purposes it will undergo an extended period of consultation. This will involve a small number of drop-in sessions held across the Borough (details will be released on the Council's website, through twitter and through a formal press release), presentations to fora and groups and officers attendance at Town and Parish meetings when requested.

## **5. ASSESSMENT**

### **Plan Area**

- 5.1 The area covered by the Local Plan review is that of Scarborough Borough excluding the North York Moors National Park (NYMNP). The NYMNP Authority prepares its own Local Plan covering the park area.

### **The Stage of the Process (Consultation on a Draft Local Plan)**

- 5.2 The preparation of a Local Plan and any subsequent review must be in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended). This sets out specific stages of production that a plan must progress through to ensure it fulfils the legal procedures.
- 5.3 This stage is covered under Regulation 18: Preparation of a Local Plan. This stage does not have a formal requirement to consult on a 'Draft Local Plan' but does require notification to interested parties that a plan is being prepared and to ask what it ought to contain. This was the focus of the Issues and Options consultation carried out in late 2020.
- 5.4 Whilst it is acceptable to proceed straight to a Publication Local Plan (Regulation 19), consultation, and subsequently submit the Local Plan to Government, it was decided following discussion with the Members Working Group to produce a Draft Local Plan; reflecting the approach adopted during the preparation of the existing Plan.
- 5.5 This is considered to be the better option in the round, as it not only allows the community and interested parties the opportunity to view and comment on draft policies and allocations, but also allows for necessary revisions to be made to the Plan prior to publishing what would effectively be our 'finalised' (Regulation 19) document.
- 5.6 Progressing straight to publication (Regulation 19) stage would mean that revisions could only be made through the Examination in Public (EiP). Dealing with as many of these matters up front (at draft stage) should assist in keeping the duration of the EiP as concise as possible, which in turn should save on the costs of examination.
- 5.7 Once the draft stage is completed we would then seek to consider the comments and objections, make any final amendments to the plan then publish

the Publication Local Plan prior to submitting it to Government (Planning Inspectorate) for examination.

- 5.8 As outlined at paragraphs 1.5 -1.11 of this report, there is a likelihood that the Local Plan will not progress beyond draft stage due to decisions that will be made over the coming months on the future of the individual district Local Plan reviews and the requirement for a new Local Plan for North Yorkshire Council.
- 5.9 If this is the outcome and the review is halted, it is the aim of officers to still fully consider the comments submitted and compile a 'wrap-up' document setting out the work carried out to date. This would set out the main issues and concerns and recommendations on policies we would wish to see taken forward for the Scarborough Borough area. This will be an important piece of work to ensure that this part of the new authority has an excellent head start when preparing the new Local Plan.

### **Evidencing the Plan**

- 5.10 Preparing and/or reviewing a Local Plan or review is a complex process and requires a wide array of evidence. The evidence that has been gathered and prepared to date is shown below though this is not an exhaustive list. The purpose of the evidence is also explained.
- Strategic Housing Market Assessment (this sets out the overall housing requirement, affordable housing needs and other housing requirements)
  - Strategic Flood Risk Assessment (this plots areas that are vulnerable from a variety of flooding and surface water incidents and is used primarily to determine whether site allocations are at risk of flooding)
  - Viability Assessment of the Local Plan (this assesses the financial impact of policies proposed in the Local Plan to ensure that the plan as a whole is viable and deliverable. It assists in setting the affordable housing policy requirements)
  - Employment Land Review [ongoing] (this sets out the current position of employment land in the area and assists in determining whether additional land needs to be allocated for employment purposes)
  - An Assessment of Second Homes and Holiday Lets in the Borough (this assesses trends in this form of housing tenure over a 20 year period and considers the likely impacts of different policy interventions)
  - Strategic Housing and Employment Land Availability Assessment (this sets out the areas of land that have been made available for housing or employment purposes and categorises the likelihood they could come forward in the short, medium or long term, following an assessment of availability and deliverability)
  - Gypsy and Traveller Accommodation Assessment (sets out any local requirements for pitches)
  - Playing Pitch Strategy (provides an assessment of current and future needs for outdoor playing pitches, and a strategy to help meet those needs)

- Other evidence documents to be produced between draft and publication stage include a new Green Space Audit and Retail Study.
- 5.11 Other supporting documents have been prepared including the Sustainability Appraisal of the Local Plan that critically assesses the sustainability (economic, environmental and social) of objectives and policies contained within the Local Plan.
- 5.12 A Habitats Regulation Assessment has not been prepared for this stage of the process. This would be prepared if the review was to proceed and will be required for the North Yorkshire Council Local Plan.

### **Whole Local Plan Viability**

- 5.13 Prior to detailing the proposed changes to the Local Plan it is important to understand that viability is the golden thread that runs through the decision making process as to whether policies (individually or cumulatively) are financially viable and therefore able to be included within the Local Plan.
- 5.14 The Local Plan has to be shown to be deliverable when considered in its entirety and one of the main factors for determining this is being able to demonstrate that the policies proposed do not make development unviable. Some policies have an obvious cost to development. As an example, a policy that requires all new housing to be constructed to Nationally Described Space Standards will have a cost to the developer by requiring that homes be built to a minimum standard – a developer may have to reduce the number of homes on a site to meet this requirement. Likewise a policy that requires homes to be carbon-zero will have a significant impact on the costs of construction due to the installation of heat pumps, photovoltaics and higher levels of insulation.
- 5.15 Ideally, we would support the adoption of all policies for the betterment of construction practices and the living standards of future occupants, including the implementation of higher standards for sustainable construction, biodiversity net gain, space standards and accessible homes. However, all policies that require a developer to do something ‘extra’ have an associated cost. This cost has to be factored in to the determination of whether development remains viable when also factoring in reasonable developer profit. Profit margins are set by Government as a range between 15-20% of the value of the development.
- 5.16 To consider fully the impact of policies on viability, a ‘Whole Local Plan Viability Assessment’ was undertaken. The full report prepared on viability can be found at:

<https://www.scarborough.gov.uk/planning/planning-policy/local-plan/local-plan-background-information/whole-local-plan-viability>



- 5.17 The following paragraphs provide a precis of the findings of that report, focusing on the recommendations about what policies can viably be taken forward and the implications on affordable housing targets, which is covered later in this report in para 5.49.
- 5.18 The Whole Local Plan Viability Assessment tested the implications of national mandatory requirements and proposed local policies on a range of development types, including large and small-scale greenfield and brownfield developments.
- 5.19 It is important to note that the Viability Report adopts a 'Residual Value' approach, which measures the full costs of development (construction costs, fees, profit, developer contributions) against its gross value. The result of this calculation indicates a land value, the Residual Value. This is the top limit of what a developer could offer for a site and still make a satisfactory return. In order for development to come forward, this value must also be sufficient for the landowner to sell. For modelling purposes, national planning guidance states that this figure should be based on the 'Existing Use Value' of the land and allow for a premium to the landowner. The uplifted land value is known as the 'Benchmark Land Value' (BLV). As shown in the table below, the BLV utilised in the Viability Report across the Borough ranges from £425k to £450k per hectare.

Use	Existing Use Value Prices	Benchmark Land Value 'uplift'	Final Benchmark Land Value
Previously Developed Land	£370k / ha	+20%	£444k / ha
Agricultural <sup>2</sup>	£35k / ha	+£400k / ha	£425k / ha
Paddock <sup>3</sup>	£50k / ha	+£400k / ha	£450k / ha

- 5.20 The following table shows the cumulative costs of various policy options, in this case for the Scarborough area.

<b>Cumulative Requirements of Additional Policies over and above national requirements (£ per hectare)</b>			
	Greenfield	Brownfield	All
Scarborough			
National Requirements <sup>4</sup>	£144,359	£201,734	£171,799
+ 20%BNG	£3,549	£15,451	£9,241
+ 50% M4(2)	£12,353	£15,613	£13,912
+100% M4(2)	£22,627	£28,591	£25,479
+ 92% M4(2) & 8% M4(3)	£54,949	£69,425	£61,872
+ 0 Regulated CO2	£116,565	£149,983	£132,548
+ 0 Unregulated CO2	£233,668	£300,653	£265,704

<sup>2</sup> Greenfield sites of 0.5ha or more

<sup>3</sup> Greenfield sites of less than 0.5ha

<sup>4</sup> National requirements are 10% Biodiversity Net Gain, NDSS, 31% CO2 (Part L Building Regs) and EV Charging

+ 0 Regulated CO2 ASHP <sup>5</sup>	£147,731	£190,162	£168,024
+ 0 Unregulated CO2 ASHP	£272,938	£350,876	£310,213

- 5.21 This table shows the assumed financial cost of implementing mandatory requirements and optional requirements on developments in Scarborough.
- 5.22 The national requirements are set as the base and include 10% Biodiversity Net Gain, Nationally Described Space Standards, 31% CO2 uplift in building construction, EV charging infrastructure and water efficiency improvements. To deliver these minimum requirements costs on average (all) is £171,799 per hectare.
- 5.23 The table then adds in further optional requirements and provides an indicative cost for doing so. Therefore, to increase BNG to 20% this would be £9,241. 50% of homes built to M4(2) standards would lift this cost to £13,912 (or an additional £4671 for that individual element).
- 5.24 The cost of seeking all optional policy requirements in this scenario is in the region of £310,213 per hectare over and above the national requirements set out in para 5.20. Within the context of a 'Benchmark Land Value' of £425k-£450k, this is significant and affects viability and the ability to deliver affordable housing.
- 5.25 In addition to these optional requirements, we also tested the impacts of implementing a zero carbon homes policy and a Primary Residence policy, with the latter being in response to concerns over the level of second homes and holiday lets in certain parts of the Borough.
- 5.26 Aiming for zero carbon homes in the borough at this time is shown to be difficult. Whilst this may be achievable on a limited number of the larger greenfield sites in the more viable areas, this would have an impact on affordable delivery across the borough.
- 5.27 Likewise, the implementation of a Primary Residence policy (see paragraphs 5.65 onwards) has ramifications from a viability perspective. It would result in a slight fall in property values of circa 5%; this has been evidenced in other areas in the country. A fall in property value to the rate of 5% would result in a reduction in land value of £200,000 per hectare, a significant reduction given the described Baseline Land Values. If the fall in property values were greater, the land value would likewise see greater falls.
- 5.28 The consultant who carried out the Viability work concluded that:

*'If the Council were to pursue the option of requiring new homes to be restricted to being a primary residence, little development would be viable and a zero*

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<sup>5</sup> Air Source Heat Pumps

*affordable housing target would be appropriate. Similarly, a policy requiring zero carbon would render most development unviable and a zero affordable housing target would be appropriate.*<sup>6</sup>

- 5.29 The results of this viability work should be borne in mind and seen as context to the remainder of this chapter as it will have implications on most of the policy areas discussed and decisions made.

### **Local Plan Content (The Review)**

- 5.30 The review is not a wholesale change to policy and allocations. It should be viewed as an update or the next iteration of the Local Plan adopted in 2017. The vast majority of the content of the Plan will remain unchanged with only minor amendments to reflect how the policies have worked in practice since adoption.
- 5.31 To provide clarity on the amendments and to limit representations on existing (adopted) policy, the Draft Plan itself includes summary boxes above each policy to briefly explain what changes (if any) have been made and why.
- 5.32 The main aims of the review is to reflect the main changes nationally and locally and to determine if and how these should be addressed through Local Plan policy. These include, but are not limited to:
- Updated housing targets;
  - New and reviewed housing allocations;
  - Updated policies on the design of new development;
  - Consideration of Nationally Described Space Standards, accessible housing standards and water efficiency standards;
  - Second homes and holiday lets and the impact on local housing markets;
  - Self-build housing options;
  - Affordable housing targets and thresholds;
  - Coastal change management areas.

### **Vision, Aims and Objectives**

- 5.33 The Local Plan sets out a Vision for the area along with main aims and objectives. While these have not changed significantly, the Plan acknowledges that certain issues have emerged and/or evolved since the 2017 Plan was adopted. For example, following the declaration of a climate change emergency locally the opening section of the Vision reflects the increased importance of dealing with this matter:

*“Addressing climate change and its implications will be at the heart of all decisions. New development will have seen an uplift in terms of its design*

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<sup>6</sup>Para 10.45 (b) page 150 - <https://www.scarborough.gov.uk/sites/scarborough.gov.uk/files/files/Scarborough%20Viability%209%20June%202022%20-%20Final%20Report%20Only.pdf>

*quality; both in terms of its aesthetics and its sustainability. Providing well connected and accessible green environments and increasing opportunities for biodiversity to flourish through developments will be the norm.”*

- 5.34 Likewise, the aims and objectives will bring in a greater focus on sustainability and dealing with climate change and biodiversity by seeking to uplift the design quality of buildings. The aims also recognise the need to facilitate net gains in biodiversity through development.
- 5.35 The Draft Plan has also been amended to ensure alignment with new Council policies, strategies and investment priorities, including the Corporate Plan (“Better Borough, Brighter Futures”) and the Blueprints / Masterplans for Scarborough, Whitby and Filey.

## **Design and Construction**

### **Principles of Design**

- 5.36 Local Plan policy DEC1 (Principles of Good Design) and its supporting text have been revised to reflect the increased emphasis placed on design matters by recent government publications, including the revised National Planning Policy Framework (NPPF), National Design Guide (NDG) and National Model Design Code (NMDC). Notably, the supporting text now includes an overarching ‘Design Vision’ and associated set of ‘Design Objectives’, which were developed collaboratively with local stakeholders as part of the Council’s Residential Design Guide Supplementary Planning Document.
- 5.37 Further changes to the policy itself include: reference to the role of on-site landscaping in delivering the national 10% biodiversity net gain requirement; requiring new streets to be tree-lined; requiring applicable new retail developments to achieve a BREEAM rating of ‘Excellent’; and, requiring applicants to demonstrate how internal layouts of non-residential buildings meet varying accessibility needs.

### **Electric Vehicle Charging**

- 5.38 Electric Vehicle charging was in its infancy at the time of the previous Local Plan. The policy was a simple requirement to allow the slow charging of vehicles from a traditional 3-pin socket. In the time since adoption of the 2017 Local Plan the take-up of EVs has increased significantly and Government policy has overtaken local requirements.
- 5.39 With the recent introduction of mandatory EV charging points on new residential developments through the Building Regulations, there is no longer a requirement for local policy to address residential installations. There is however, a need to set requirements for EV charging points in commercial developments as well as set out a policy stance on the future of refuelling stations. Petrol filling stations will see a gradual transition from petrol and diesel provision to electric charging and potentially hydrogen refuelling. As these new

technologies are not (currently) as rapid as petrol filling there will also be a need to consider ancillary works such as small waiting areas, rest rooms and small scale retail opportunities to serve patrons whilst refuelling/recharging.

## **Homes and Communities**

### The Level of Housing

- 5.40 The overall ambition for housing delivery is set out in the Local Plan. The current Local Plan set a target of achieving the delivery of 450 dwellings per annum (dpa) which was a step up from the previous plan target of 366 dpa. This target was derived from an Objective Assessment of Housing Need, which took into account population growth, household size, employment projections and other matters.
- 5.41 Since the previous Local Plan was adopted, the Government has released the 'Standard Method' for calculating a Local Authorities Local Housing Number. The formula that has been set out results in a figure of circa 175 dpa for Scarborough Borough. This is a sizeable reduction from the current 450 dpa and would have significant implications on the delivery of affordable dwellings, however this is a minimum requirement and Local Plans can go above this number if supported by evidence.
- 5.42 To evidence the level of housing the reviewed Local Plan should aim to deliver, an updated Strategic Housing Market Assessment (SHMA) was commissioned. The full SHMA report can be viewed here:
- <https://www.scarborough.gov.uk/planning/planning-policy/local-plan/local-plan-background-information/shma>
- 5.43 To establish the latest position in terms of housing need both for affordable housing and overall need, the SHMA considers the local housing market, future jobs growth and demographic projections to establish the outcomes.
- 5.44 The SHMA concludes that there is a need for 354 dwellings to be delivered annually over the period 2022-38. This equates to 5664 dwellings over the period 2022-2038. For the purposes of calculating a figure for the Local Plan the period is 2023-2040, which when factoring in a further two additional years, results in a target of 6018 dwellings.

### What does this mean for identifying and allocating sites?

- 5.45 The number established above of 6018 homes over the new plan period needs to be viewed in the context of remaining allocations, extant permissions and other known sources of housing. By establishing the current level of homes available this will inform the number of sites that need to be allocated to make up any perceived shortfall or to provide flexibility in the housing market.

- 5.46 The majority of allocations from the 2017 Local Plan have progressed, many to full or partial completion and others to either planning application or pre-application stage. A small number have shown little or no progress and need to be re-assessed to determine if they should remain as allocations.
- 5.47 These are primarily limited to small brownfield sites located within the development limits of the towns of Scarborough, Whitby and Filey. Cumulatively they only make up circa 80 dwellings. Removing these as allocations would have a very limited effect on overall numbers and would not prevent these sites coming forward in due course with them being within development limits. Taking this into account the current number of dwellings available and predicted to be deliverable by 2040 can be broken down as follows:
- Existing Allocations<sup>7</sup>: 6312 dwellings);
  - Current Planning Consents<sup>8</sup>: 1370 dwellings; and
  - Known Sources of Housing<sup>9</sup>: 447 dwellings
- 5.48 In addition to the above sources of housing, the previous Local Plan assumed, and the Planning Inspector accepted that, windfall sites could deliver in the region of 150 homes per annum from Year 4 onwards<sup>10</sup>. This equates to 2100 dwellings and there is no evidence to suggest windfall development will not continue to deliver over the longer term. Over the past 10 years, we have seen the delivery of 207 windfall dwellings per annum with delivery since adoption (the past 5 years) increasing to 231 dwellings per annum.
- 5.49 When factoring in all of the above sources of housing this results in a potential 10,229 dwellings being available and deliverable over the Local Plan period to 2040.
- 5.50 Although these are high-level figures, this highlights that there is a sufficient supply of housing identified and available to meet the 6018 dwelling housing target. This level of dwellings equates to 170% of the proposed housing target.
- 5.51 This suggests that there is no actual requirement and therefore no immediate pressure to allocate further sites within the Local Plan review. This does not mean that sites should not be allocated; it is recommend that a small number of sites that 'score' highly in the assessments be allocated, as this will provide additional flexibility in the housing land available.
- 5.52 Information on sites proposed for dismissal from consideration will be included in a supporting background paper that will also set out the assessment criteria and scoring.

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<sup>7</sup> Some of these allocations have not yet received planning consent but may have a planning application under consideration. For example there is a planning application in for 1400 dwellings at South of Cayton

<sup>8</sup> This excludes Local Plan allocations that have received consent.

<sup>9</sup> These are sites that the LPA is aware of but are not allocated nor current planning applications.

<sup>10</sup> No windfall included for Years 1-3 as this would result in double counting of existing consents.

## Affordable Housing Provision

- 5.53 The SHMA identifies need for 219 affordable dwellings per annum. This figure represents households who are unable to afford to rent or aspire to own market housing but who cannot afford to buy (but have a realistic prospect of being able to afford to purchase an affordable homeownership product). This is referred to as effective demand; those that will be able to afford the various affordable products that will be available. The reason it is expressed as above is that some households aspire to home ownership but even if the homes were provided to meet this demand, they would be unable to attain such housing due to insufficient income or savings.
- 5.54 Delivering sufficient homes to meet this level of need is extremely unlikely. To deliver 219 homes per annum based on recent delivery rates of circa 20% of homes being affordable (and that has been reliant on RPs bringing forward 100% affordable schemes) the Local Plan would have to allocate in the region of 1095 homes per annum for the plan period. This is a level significantly above previous targets, delivery and actual likely demand for market housing. It would be unrealistic and undeliverable. It is therefore important to ensure that the level of affordable homes is as high as viably possible whilst accepting that other means of delivering affordable homes will need exploring. The ‘Better Homes’ project is one such vehicle that the Borough Council has explored to assist in meeting this demand.
- 5.55 In setting these affordable housing targets (percentage requirements), it is not possible to consider this in isolation. It is reliant on the decision of other policy matters that have a direct financial impact on development and therefore the viability of schemes.
- 5.56 The level of affordable housing proposed in this review is shown alongside the previous requirements in the following table.

		Housing Market Area			
		Scarborough (and the Parishes of Eastfield and Osgodby)	Filey, Hunmanby and the Southern Parishes	Whitby	Northern and Western Parishes
Proposed	Brownfield	10%	10%	10%	25%
	Greenfield	10%	10%	25%	25%
Existing	All Sites	10%	15%	30%	30%

- 5.57 What this shows is that with all other policy matters factored in there is an impact on the ability to deliver affordable housing. The areas of Scarborough, Eastfield and Osgodby remain at 10% as it is considered that is the minimum we should aim to achieve anywhere in the Borough. The southern parishes see a fall from 15% to 10%. In Whitby the viability assessments have concluded a difference in viability between the greenfield and brownfield sites – the requirement reduces to 25% on greenfield sites, however this is a more marked

decrease to 10% on brownfield sites. Finally, in the remaining parishes the reduction is from 30% to 25%.

- 5.58 More information on how these requirements were arrived at are set out under the sub-heading 'Whole Local Plan Viability'<sup>11</sup>. The revised policy also refers to the new requirement to provide a proportion of First Homes; affordable homes to buy at a 30% discount from market value.

### Self-Build Homes

- 5.59 Self-build homes are another way to deliver additional homes in the Borough. The Borough has had a healthy self-build market for many years with the delivery of a significant number of new build properties and flats converted from other uses including hotels and guesthouses.
- 5.60 The issue to be considered through the review is how to address self-build in policy terms. There is a requirement for a Council to hold a self-build register (we have one) and to seek to provide sufficient sites to meet the needs of that list. The Borough's self-build register is split into two parts; Part 1 and Part 2. The former is for persons who meet the locational criteria, the financial criteria (ability to purchase a plot) and pay the small fee to join the list. Part 2 is for the other persons who either do not meet the criteria or do not wish to pay the fee.
- 5.61 To date no person has opted to join Part 1 of the register with the 45 entrants all being on Part 2. This means that the Council does not have a duty to provide sites to meet this demand. Notwithstanding this the Local Planning Authority do assist in identifying sites and regularly (on a 6 month basis) write to all persons with an up to date list of sites that have planning consent and may represent an opportunity for a self-build project.
- 5.62 The question is whether the Local Plan should go further. The Issues and Options paper from 2020 set out a number of alternative policy options including options that have been adopted elsewhere. These are:
- No intervention and allow market to deliver self-build plots through windfall sites;
  - Allocate sites for self-build plots;
  - Proportion of self-build plots on large allocated sites;
  - An exception type policy that allows self-build near to development limits where a need is demonstrated.
- 5.63 Due to the relative low number of persons seeking self-build plots in the Borough and the fact that a number of sites have already been identified and approved, significant intervention is not considered an effective and commensurate approach to tackle this issue. Sites have been approved in Sleights (Briggswath) and Whitby that could deliver in the region of 70 plots for self-build homes.

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<sup>11</sup> Para 5.13 onwards



- 5.64 Furthermore, the delivery of self-build plots on larger allocated sites is not supported by the majority of self-builders who often wish to deliver homes on stand-alone plots. This policy intervention is not generally supported by the housebuilding industry as it leaves them with uncertainty and impacts on layouts. If such plots are not bought up within a set period (say 12 months), the house builder has to reconfigure the site to amend any remaining plots to market housing. Other authorities have adopted a policy of 5% of plots on large developments to be self-build. The low numbers of persons on the register suggest that this would also result in an over-supply of plots.
- 5.65 For the reasons cited above it is not proposed to adopt a bespoke self-build policy and alternatively set out the support of the Council for self-builders bringing forward plots as well as encouraging house builders to include self-build plots within the Housing Mix policy which states:

*The Council will encourage and support the delivery of custom and self-build housing in appropriate locations. The Council will monitor the demand for this type of housing through the Self-Build Register and will assist in the delivery of sites. Where possible and without adversely affecting viability and the delivery of affordable housing, residential development sites, including those allocated under Policy HC 2, should include provision for self and custom build development.*

#### Second Homes and Holiday Lets (Primary Residence)

- 5.66 One topic that has raised more debate than any other within the Borough over the past 18 months has been that of escalating second home ownership and the number of holiday lets currently available in certain parts of the Borough. The issue has also made national headlines and there are active Government work streams considering the options to address this issue nationally. Locally, there have been calls for the Local Planning Authority to consider bringing in a planning policy to limit the number of homes that can be used as second homes and/or holiday lets.
- 5.67 Such policies have been used sparingly across the country and have most often been introduced through Neighbourhood Plans (ie driven by town and parish councils at the very local level) as opposed to Local Plans, with St Ives being the most high profile example. The number of Neighbourhood Plans that have brought in a similar policy has been increasing of late and on a wider scale, the Welsh Government has brought in changes to their planning legislation (changing the Use Classes Order) and significantly increased Council Tax liabilities for certain owners.
- 5.68 A comprehensive assessment has been carried out for the Borough using Census (2001 and 2011) and up to date Council Tax data (2021)<sup>12</sup> to establish

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<sup>12</sup> It is expected that Census 2021 data will be released in due course that will allow a sense check of the Council Tax data used for this work stream on second homes and holiday lets.

the current levels of second home ownership and the number of holiday lets. This was subject to a comprehensive report to Members earlier in 2022 and it is not proposed to repeat all of the information in this report, though a precis will be provided. The full comprehensive report is available to view (22/51) here:

<https://democracy.scarborough.gov.uk/ieListDocuments.aspx?CId=113&MId=14011&Ver=4>

- 5.69 Following the recent local referendum vote in Whitby, where the overwhelming majority of respondents supported the introduction of a primary residence, a further update was carried out for the Whitby area to determine further trends over the past 12 months.
- 5.70 Additionally, officers have sought to identify the different means by which this issue could be addressed and understand their potential implications (both positive and negative).
- 5.71 Crucially, this has included testing the viability implications of introducing such a policy and specifically looking at what this may mean to affordable housing delivery. The Local Planning Authority employed a specialist Viability Consultant (SDH Planning) to consider the overall viability of the Local Plan (this is covered in the section ‘Whole Local Plan Viability’<sup>13</sup>) and requested additional work to be carried out to examine the implications of both carbon-zero housing delivery and a primary residence housing policy.
- 5.72 Early work carried out by officers looking at the impacts of a policy were stark, with even a small reduction in house prices of 5% having potentially large implications for the delivery of affordable homes. Using real examples of schemes that have been approved in the area, it demonstrated a potential reduction of affordable housing from 30% to 13.5% with a 5% house price reduction. The consultant echoed this concern, stating:

*This analysis shows that a policy that results in a 5% fall in values would result in a fall in land values of £200,000 (per hectare). Likewise a policy that results in a 10% fall in values would result in a fall in land values of £400,000. To set this in context the Benchmark Land Value is taken to be £425,000/ha on greenfield sites.<sup>14</sup>*

And that:

*The Council should be cautious in introducing such a policy, as it is likely to render most development unviable<sup>15</sup>*

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<sup>13</sup> Para 5.13 onwards

<sup>14</sup> Para 10.35 pg 145 of the Local Plan Viability Assessment – Link:  
<https://www.scarborough.gov.uk/sites/scarborough.gov.uk/files/files/Scarborough%20Viability%209%20June%202022%20-%20Final%20Report%20Only.pdf>

<sup>15</sup> Para 10.36 pg 145 of the Local plan Viability Assessment (link on previous footnote)

- 5.73 It should also be noted that such a policy can only protect new housing from being used for second homes or holiday letting purposes. Existing properties are unable to be covered by such a policy, so in its first year and based on the delivery of 354 homes per annum (the likely new housing target), out of a housing stock of circa 54,000 homes the policy would relate to only 0.65% of that stock, though this would increase incrementally and marginally each year.
- 5.74 It is therefore a high risk policy that could protect only a limited number of properties a year from being occupied as second homes or holiday lets at the significant expense of losing affordable homes which are by definition for 'local people'. For example, in Whitby over 99% of affordable homes in recent years have gone to residents with a local connection.
- 5.75 Such a policy has also been shown in other areas to then focus pressure on existing properties and further increase their desirability and therefore values.
- 5.76 There are already significant pressures on the viability of housing development which are covered in this report and for this reason your officers recommendation is that a 'primary residence policy' is not pursued within the local plan at this time. This does not prevent any Town or Parish Council from seeking to address such matters through a Neighbourhood Plan, which taking into account the impact of Local Government Reorganisation will likely be a much quicker route.
- 5.77 Alternative options, some outwith the local planning process, should also be considered to seek to address this issue. Whilst these are not necessarily part of this Local Plan review they are important context when considering whether or not to bring in a 'primary residence' policy. These options include but are not limited to the following.
- Allocate more housing;
  - Change the Use Classes Order;
  - Council Tax Intervention;
  - Licensing of holiday lets; and
  - Collective agreement of local property owners.
- 5.78 For further information on the options for intervention, please see Appendix A.

#### Housing Technical Standards

- 5.79 A new policy has been introduced to require compliance with the government's Optional Technical Housing Standards. In accordance with national guidance, clear local need for the introduction of these standards has been identified and the potential impact on the viability of development (when taken together with other policies in the Plan) has been assessed. A background paper to summarise the evidence that supports the policy will be prepared.

- 5.80 Notably, the policy requires that all new dwellings be constructed to comply with the Nationally Described Space Standards (NDSS), which sets minimum expectations for internal floor area, bedroom dimensions and internal storage space. The introduction of this policy should reverse the recent trend of homes failing to meet the recognised national (non-mandatory) standard; our own analysis almost 70% of homes granted planning permission in the 5-year period between 2015 and 2020 failed to meet the relevant standard.
- 5.81 The policy also seeks to raise accessibility standards within new homes, requiring all dwellings to be constructed to at least M4(2) building regulation standard<sup>16</sup> (“Accessible and Adaptable”) with 2% of homes to be M4(3)(a) standard (“Wheelchair Adaptable”)<sup>17</sup>. The level of M4(3)(a) takes into account that 91% of need is shown to arise from people in the 75 plus age bracket, who are significantly more likely to live in specialist older accommodation. Under this assumption and providing that specialist accommodation is built to correct standards, the majority of demand will be met outside traditional market housing.
- 5.82 Again, the viability implications of these requirements have been assessed and the applicable thresholds have been drawn to meet the level of need identified in the Strategic Housing Market Assessment. While these matters are rightly being pursued through the Local Plan Review, it should also be noted that the Government has recently announced its intention to require all new homes nationally to meet the M4(2) standard; no timeframe for this has been announced, but officers intend to progress this issue potentially in advance of its introduction nationally.
- 5.83 Finally, the policy also requires homes to meet higher standards of water efficiency (110 litres per person per day), as promoted through building regulations. The viability implications of this are marginal and as such, even in the absence of evidence demonstrating that access to water is an issue, its introduction would not place undue financial burden on developers and would contribute towards meeting broader climate change goals.

#### Gypsy and Traveller Sites

- 5.84 An updated Gypsy and Traveller Accommodation Assessment was commissioned and completed. This found that there was no identified need to deliver a gypsy and traveller site in the Borough at this time. The current policy on gypsy and travellers will be retained and the criteria contained therein would be used to assess any future proposals for a site if the need was to arise.

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<sup>16</sup> Building Regulations Part M (Volume 1)

<sup>17</sup> For schemes of 50 or more dwellings

### Cemeteries

- 5.85 Additional cemetery provision is required in the main towns of the Borough and a means of ensuring the appropriate sites protection and delivery is through allocating them formally within the Local Plan.
- 5.86 Sites for Scarborough and Filey have been put forward and these result in the expansion of the existing cemeteries at the respective towns. In respect of Whitby, a site is yet to be agreed corporately. Subject to a site being found and agreed upon this will be added to the Local Plan (Scarborough Borough or North Yorkshire Council) at a later date.

### Healthy and Active Communities

- 5.87 The title of policy HC15 (formerly policy HC14) has been amended (from Open Space and Sports Facilities to Health and Active Communities) to reflect a change in emphasis and slightly broader scope. Explicit support for elements of local food growing (e.g. community orchards, community gardens and allotments) within major housing developments is provided within part A of the policy. Part B of the policy has also been amended, removing the criteria that protected green spaces that made a positive contribution to the character and appearance of an area from redevelopment. On reflection, this element of the policy is considered overly restrictive, as it would not allow for developments that would improve local character. As referred to in the draft plan, protection of spaces of significance (e.g. those in conservation areas) is still afforded by other policies.

### Employment

- 5.88 Employment policies remain largely unchanged at this time. Officers are in the process of carrying out an Employment Land Review, the findings of which will ultimately feed in to the next stage (publication) of the Local Plan or the North Yorkshire Council Local Plan.

### Retail / Town and District Centres

- 5.89 The majority of policies remain unchanged at this stage though there is a need to commission an updated retail study in due course.
- 5.90 The main alteration to this chapter is the update to Policy TC2 (Regeneration of Commercial Centres). There has been a significant amount of work carried out by the Borough Council in respect of seeking to plan for the regeneration of centres.
- 5.91 A number of projects for Scarborough and Whitby have been identified within the respective 'Blueprints' for those towns and it is important that there is an alignment between the Local Plan and other Council strategies. It should be noted however, that the inclusion of sites identified in the 'Blueprints' is not an endorsement by the Local Plan; simply an acknowledgement that these sites

are available for regeneration purposes and proposals that come forward may replicate or differ from those identified to date.

### **Tourism**

- 5.92 Few amendments are proposed to the Tourism policies and those that are, are minor in nature. The North Bay Leisure Parks policy adds text to refer to the now adopted Scarborough North Bay Masterplan.

### **Environment**

#### **Coastal Change Management Areas**

- 5.93 The Resources and Environment Chapter sees the introduction of a new policy on climate adaption. This policy is proposed to ensure that the predicted levels of erosion of the coast are acknowledged and a planning policy stance is established for development within those zones. This matter was previously included within the Environmental Risk policy but has now been separated to provide more detail on areas termed Coastal Change Management Areas (CCMAs).
- 5.94 Coastal Change Management Areas are zones identified in the Local Plan that will subject development proposals to additional specific criteria to ensure such development will not have an unacceptable impact on coastal erosion and land stability.
- 5.95 These CCMAs have been identified on the maps that support the Local Plan and are those areas identified in the Shoreline Management Plan 2 for 'no active intervention'. These are areas at most risk from physical changes to the coast and cover the following areas:
- Northernmost boundary of SBC planning area to Sandsend;
  - Sandsend South to Whitby West;
  - Whitby East (Abbey) to Scalby Mills (this area includes the National Park and the policy will not apply there);
  - Scarborough South (south of Holbeck Hill) to Filey (Coble Landing);
  - Filey South (Royal Parade) to southern extent of Scarborough Borough.
- 5.96 There are also defined coastal erosion lines for 25, 50 and 100 years that show the expected extent of coastal erosion over those periods.
- 5.97 Within the CCMAs, the policy will set the criteria against how development will be judged and set out the types of development that may be considered appropriate within each of the zones of erosion. These development types are yet to be determined and the consultation document asks the question of what types of development may be acceptable in these defined zones. Advice from

coastal engineers, the Environment Agency, neighbouring authorities and other interested parties will be critical in setting any future policy.

### Biodiversity Net Gain

- 5.98 The policy relating to the natural environment has been amended to reference the need to ensure the mandatory 10% Biodiversity Net Gain in developments. This requirement comes into force in November 2023.

### Transport and Infrastructure

- 5.99 The chapter sees minor changes with references to support the transition to EVs in Policies INF1 and INF3, the deletion of references to the now completed junction mitigation schemes and an acknowledgement of the Cinder Track Restoration Plan and recently completed works.

### South of Cayton Strategic Growth Area

- 5.100 No amendments are proposed to this policy. The site is progressing currently and a planning application has been lodged. Following protracted discussions on several matters the proposal is now moving forward and a decision is likely on the first phase in 2023.

### Next Steps

- 5.101 The first matter to note is that this Plan and the revisions proposed to date have no weight in decision-making.
- 5.102 Subject to approval of this report, the Draft Local Plan (review) will be published for consultation in early 2023 for a period of six weeks. Subject to the Plan being halted and moving to a new North Yorkshire Council Local Plan, this will be the final stage of the current review of the Scarborough Borough Local Plan.
- 5.103 The responses provided to this consultation will be valuable and form the basis of evolving policy for these parts of the new North Yorkshire Council.

## **6. IMPLICATIONS**

### **a) Policy**

- 6.1 The issues in this report provide a mechanism for updating the Borough Councils' planning policies, strategies and development allocations.

### **b) Legal**

6.2 The Town & Country Planning Act and the National Planning Policy Framework places a duty on local planning authorities to produce and adopt a Local Plan and to keep it under review.

**c) Financial**

6.3 No significant impacts at this stage, however, it should be noted that the costs of holding the Examination in Public of the plan will have to be borne by the borough council.

6.2 The Forward Planning budget takes into account the production of and consultation on the Local Plan. There are, however, resource implications for the Examination in Public to be held in most likely in 2024. The examination process is presided over by the Planning Inspectorate and the cost of this will depend on the duration of the Examination in Public and the allocated time for the Inspector to make his reasoned decision on the soundness of the Plan. There is also the requirement to employ a Programme Officer for the duration of the plan examination. The Local Plan Examination in Public is likely to take up to 2 weeks. The previous Local Plan examination took place over a 2-3 week period with a reconvening for a further day and cost circa £50-60k.

**d) Staffing**

6.6 The majority of work carried out and planned for is to be carried out within existing staffing budgets

**e) Planning**

6.7 As per (a) this will, on adoption, update the Borough Council's planning policy framework which is the basis for determining planning applications across the Borough (excluding the National Park area).

**f) Equality and Diversity**

6.8 The Local Plan covers matters of equality in respect of accessibility and promoting homes for all. The Local Plan will also be supported by an Equality Impact Assessment.

**g) Environmental**

6.9 The Local Plan is subject to sustainability appraisal, strategic environment assessment and habitats regulations assessment to ensure the plan is both environmentally, socially and economically sustainable. The Plan is also couched on the principle enshrined within the National Planning Policy Framework of the 'general presumption in favour of sustainable development'.



## **h) Communication**

6.10 The publication of the previous stage, the Issues and Options document, was publicised on the Council's website, on the Planning Services Twitter feed and on the Council's wider Social Network platforms and via press releases.

6.11 This stage will be subject to a minimum six-week consultation.

## **i) Local Government Reorganisation**

6.12 The new Local Authority will have to deliver a new Local Plan for the whole of the North Yorkshire area. The form and timetable for this has not yet been agreed, however, it is increasingly likely that the review of the Scarborough Borough Local Plan will not reach adoption. This does not diminish the importance of this work. Progressing local issues as far as possible is important as the work carried out to date will feed into the wider NYC Local Plan covering all of North Yorkshire and give the Scarborough Borough area a good head start in terms of planning policy formulation.

## **7. ACTION PLAN**

7.1 The Plan will be published for consultation in early 2023.

**Richard Bradley**  
**Director**

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### **Background Papers:**

Please give details of all publicly accessible (non private) background papers applicable to the report.

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT OR WISH TO INSPECT ANY OF THE BACKGROUND PAPERS, PLEASE CONTACT STEVE WILSON ON 01723 232480 e-mail [steve.wilson@scarborough.gov.uk](mailto:steve.wilson@scarborough.gov.uk)

## RISK MATRIX

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/Responsible Officer	Action Plan
1	Dec 2022	Council does not agree to publish Draft Local Plan	The work carried out to date will not be aired publicly nor comments received. The views of the local population will therefore not be factored in to the early production of the new North Yorkshire Council Local Plan	Agree to consult on the Draft Local Plan	D3	B2	Mr D Walker / Mr S Wilson	None

**Glossary of Terms**

Risk	An event which may prevent the Council achieving its objectives
Consequences	The outcome if the risk materialised
Mitigation	The processes and procedures that are in place to reduce the risk
Current Risk Score	The likelihood and impact score with the current mitigation measures in place
Corporate Objectives	An assessment of the Corporate Objectives that are affected by the risk identified.
Target Risk Score	The likelihood and impact score that the Council is aiming to achieve
Service Unit Manager	The Service Unit or Officer responsible for managing the risk
Action Plan	The proposed actions to be implemented in order to reduce the risk to the target score

**Risk Scoring**

Impact	5					
	4					
	3					
	2					
	1					
		A	B	C	D	E
	Likelihood					

Likelihood:

- A = Very Low
- B = Not Likely
- C = Likely
- D = Very Likely
- E = Almost Certain

Impact

- 1 = Low
- 2 = Minor
- 3 = Medium
- 4 = Major
- 5 = Disaster

## Appendix A –Options for Addressing Second Home / Holiday Lets

### Allocate more housing sites:

- A1 One means of making sure more housing is available for local people is to allocate more housing sites. Analysis has shown that whilst new homes on the fringes of the borough's towns are occasionally purchased as second homes or bought up for use as holiday lets this is not to the same degree as other more central or tourism centric areas.
- A2 However, this report concludes that the housing target should be lowered and that there are already sufficient sites available without allocating substantial new areas for housing. Furthermore, identifying suitable sites is becoming increasingly difficult, particularly in the areas that are under pressure. For example, in Whitby few sites have been submitted for consideration and of those sites, the majority are not considered suitable for allocation. The town is severely restricted and unable to expand substantially due to the tight geographical boundaries of the sea and North York Moors National Park, and by the historic landscape sensitivities associated with Whitby Abbey.

### Change the Use Classes order

- A3 All uses are defined in 'classes' by Government. Currently a primary residence house, second home and most holiday lets fall under Class C3 and do not require planning consent to move between the different tenure types. The Government could, through secondary legislation, make changes to the Use Classes Order to distinguish between these different house types referred to above. The Welsh Government has proposed such changes to provide greater control over second homes and holiday lets. The benefit of this over a local policy is that this would apply to all housing and not just newly constructed homes.
- A4 The introduction of Use Class Order changes could set out that changes between primary residence and second homes/holiday lets is permitted development, however, this would allow local authorities to remove such permitted development rights in areas that are of concern through an Article 4 Direction.
- A5 This option is considered to represent the best means of controlling the number of second homes and holiday lets potentially in combination with other interventions. The Council should wherever possible pressure Government and their local representatives to implement such planning use class changes.

### Council Tax intervention

- A6 An option implemented elsewhere and under consideration at the County level is the introduction of higher levels of Council Tax for second homeowners. Several Local Authorities who have issues with second homes have sought to tighten up or close loopholes with Council Tax.

- A7 In certain circumstances second homes can be registered for business purposes and, as their rateable value is generally less than the minimum threshold, are often exempt from paying any Business Rates. In such circumstances, these properties therefore pay no contribution towards local services either through Council Tax or Business Rates.
- A8 It has proven too simple to move from Council Tax to Business Rate banding in the past with few check-ups to ensure that these units are genuinely being advertised for, and occupied as, holiday lets for a set portion of the year. The Government is bringing in changes in the near future to ensure that such movements to Business Rates is for genuine holiday lets and not used as a loophole to avoid local taxation. This change requires that to qualify for Business Rates, a property must have advertised availability for a minimum of 140 days and be let out for at least 70 days. Those that fail to meet those criteria will have to pay Council Tax at whatever rate that is set at for second homeowners.
- A9 There is also the potential to set the bar higher to qualify for Business Rates as the Welsh Government are proposing to increase this to being available to let for at least 252 days and actually let for at least 182 days in any 12-month period. Those that fail to meet that bar in Wales will be subject to a 300% increase in Council Tax.
- A10 A combination of these options could be considered for the Borough (or Countywide following LGR) although depending on the levels set could penalise genuine holiday lets and have unintended consequences for the tourism accommodation offer of the area.

#### Licensing of Holiday Lets

- A11 Another option being explored nationally is the licensing of properties. It is not 100% clear if this relates solely to holiday lets although it is assumed that would likely be the case, or at least it would not be applicable to those properties that are used solely for second home purposes with no renting out of the unit at all.
- A12 In terms of controlling the issue of the proliferation of holiday lets or second homes, it is not considered that this would achieve that goal. It is unlikely to apply to genuine second homes where only the owner uses the property.
- A13 In terms of licensing holiday lets that is simply what it does; it mandates that such uses must be licensed and will place a cost on property owners to fund the scheme. It does not prevent or restrict such uses from occurring but does provide a means to address problem issues such as amenity impacts or health and safety. A licensing scheme would be supported though it should not be seen as a solution to the issues that are being raised locally or nationally; that of saturation.

### Collective Agreement of Local Property Owners

- A14 Ownership of second homes and holiday lets is not limited to those from outside of the Borough. Analysis has shown that people with Borough postcodes own a considerable number of holiday letting properties. For example in Whitby, 26.4% of holiday lets are seemingly owned locally.
- A15 Whilst beyond the remit of the Local Authority is there scope for a collective agreement of local owners to consider using these units for long-term lets for local people as opposed to their seasonal occupation as holiday lets.

### Concluding Comments

- A16 This has set out numerous other options that exist either in isolation or cumulatively to seek to address the current issues of second homes and holiday let proliferation in some areas of the Borough.
- A17 This matter is also be referred to in the section on Viability (Para 5.13 of this report).

## Appendix B: The Draft Local Plan