

Date: 28th March 2023

Report: LOCAL PLAN – POLICY DRAFTING DECISIONS

Purpose of the report

1. To make decisions on various aspects of policy for the emerging Local Plan (2023 – 2040) arising from consultation during the summer.

RECOMMENDATION

2. That, in preparing policies for the emerging Local Plan, the Authority:
 - i) Adopts the national standard for Biodiversity Net Gain of at least 10% in Local Plan Policy CP3 (Biodiversity);
 - ii) Amends proposed Policy E2 (Rural Land Based Enterprises) to:
 - remove the need for financial scrutiny of proposals;
 - make it clear that farm businesses that need to undertake environmental improvements to maintain existing stocking levels will be supported;
 - revert to the current policy position of requiring evidence of need and mitigation measures to justify a proposal to expand production significantly in ways that could create environmental issues or threaten harm to the qualities of the National Park;
 - iii) Sets the discount on 'First Homes' across the National Park at 30% below open market valuation.

Strategic Planning Framework

3. The information and recommendation(s) contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework.

Corporate Plan 2022-23

Objective 29. *Work with neighbouring authorities to produce a single Local Plan for the whole of the National Park by 2023, which will help achieve the vision and objectives in the National Park Management Plan.*

Background

4. In June last year the Authority Published Consultation No5. 'Preferred Options'. This invited the public to comment on an emerging list of policies for the next Local Plan development period 2023 - 2040. Detailed responses were received from consultees

and officers have been working through those to refine the policy wording and start drafting the detailed justifications linked to evidence.

Policy questions

5. A number of policy issues have emerged and Members discussed these at a Policy Development Forum in February. These involve making changes either by adding a restriction or widening the flexibility of a particular policy. The questions are set out in the **Annex** together with a recommendation to help steer the detail. The questions relate to the policy wording proposed in the consultation paper here:
<https://www.yorkshiredales.org.uk/wp-content/uploads/sites/13/2022/06/Preferred-Options-document-22.pdf>.
6. Members should note that we are still seeking further information in relation to the proposed policy on exception sites (which was discussed briefly at the Policy Development Forum). A proposal on that matter will be brought to Members in due course, together with any other remaining policy issues.

Next steps

7. A separate paper on today's Agenda updates the timetable for the Local Plan process. Following the outcome of the current Consultation No6 'Land for housing development', the draft policies will be brought together with the preferred sites and the finalised maps and a 'Publication' version of the Local Plan will be prepared for formal consultation later this year.

Peter Stockton
Head of Sustainable Development

9 March 2023

Policy CP3 - Biodiversity

Q1 Should the new policy for Biodiversity Net Gain (BNG) require developers to provide a 10% or 20% uplift in habitat?

From November the law will require applicants for planning permission to measure the biodiversity value of their proposed sites and show in their proposals how they will create or enhance habitat so as to raise biodiversity value by at least 10% following development.

To test the level of ambition in the Park the preferred options consultation suggested a target of 20% biodiversity net gain. Perhaps inevitably there has been some pushback from landowners and developers against this figure although others were more supportive of it.

Whilst there is a desire that greater emphasis should be put on environmental enhancement inside a National Park than outside, the constraints on development in the protected landscape of the Park will always limit the amount of net gain that can realistically be generated (as well as limiting the amount of damage that the development could cause in the first place). Placing a higher minimum requirement for BNG inside the Park than outside will tend to penalise Dales businesses compared to those operating elsewhere. Even in a buoyant economy it is going to prove difficult getting movement on some aspects of the Local Plan strategy such as the allocated housing sites, so the Authority needs to be careful to avoid raising the cost of development too high – particularly where it is unlikely to yield meaningful environmental benefits.

From a biodiversity perspective it will be better to set the net gain target at the national mandatory level of at least 10%, and focus on making sure that the gain is through enhancing/creating small areas of priority habitat (rather than creating larger areas of amenity grassland with little real biodiversity value).

[The recommendation is that the Local Plan policy should adopt the national mandatory requirement to achieve Biodiversity Net Gain of at least 10%](#)

Policy E2 – Rural Land-based Enterprises

Q2 Should Policy E2 (Rural Land-based Enterprises) be amended to remove the requirement for financial scrutiny of large scale development with a test of need?

The current Local Plan policy permits farm and other rural land based development, where it is necessary to serve the needs of the enterprise. Local Plan Consultation No2 (in 2020) asked a broad question about the scale of ambition towards future farming development. The public response was strongly in favour of supporting ‘Nature-friendly farming’. This gave a steer to Policy E2 but it was still anticipated that future farming in the National Park would also include aspects of more intensive production.

The policy consulted on last summer, therefore, supported development that would help deliver ‘nature-friendly farming’. It also continued to permit more production-oriented development such as large sheds but proposed more stringent tests to ensure that lasting impacts on the environment were understood and mitigated through good design and use of planning conditions. This included a proposed new requirement to demonstrate that the

business would be financially sustainable (as some Members have been increasingly concerned that more intensive farming is unlikely ever to be profitable on the poor soils in the National Park).

The draft policy received objection from parts of the farming industry because it was felt to be incompatible with new regulations requiring farm businesses to reduce pollution going into rivers, and improve animal welfare. The farming groups took particular exception to the suggestion of using financial scrutiny as part of our Planning policy. They pointed out that financial issues are not normally material planning considerations. They felt that increasingly efficient domestic food production can go hand in hand with environmental improvements.

Other consultees supported the need for scrutiny where development might conflict with the statutory purposes or cause harm to the special qualities of the National Park.

Having considered the detailed responses, it is recommended that the proposal to require financial scrutiny of agricultural development proposals should be removed because it is not normally a material planning consideration. Instead the policy should maintain the current situation whereby the majority of agricultural development is delivered through permitted development rights. Larger scale proposals that require planning permission should normally be permitted where they are needed to enable an existing farm operation to meet new environmental or welfare regulations (subject to details of siting and design).

Proposals for large new buildings, major infrastructure or facilities needed to support significant increases in stocking levels that might otherwise risk harm to the landscape or other special qualities of the Park, will have to be justified by evidence of the need. This could be a statement explaining why the proposed development is necessary for the operation of the farm business, and identifying how the development and other consequential changes to the way the business will operate relate to the capacity of the site. The evidence of need and the wider farm plan will help with the understanding of the project and in reaching a Planning judgement together with potential measures to mitigate any harmful impacts.

The proposed policy will still aim to permit development that will help farming transition further towards the goal of food production in harmony with nature recovery, carbon capture or delivery of other shared objectives in the National Park Management Plan.

Policy C1 – Housing in Towns and large Villages

Q3 Should the discount on 'First Homes' be 30% below open market value or 50% below?

'First Homes' are a new Government discount housing product. The discount below open market value is set by the local planning authority and can be between 30% and 50%. Purchasers of First Homes should have a combined annual household income not exceeding £80,000, and they can be required to have a local connection to the area. They must have a mortgage to fund a minimum of 50% of the discounted price. First Homes are regarded as a form of affordable housing and will be registered to ensure the discount is passed on at each subsequent title transfer. The first sale must be at a price no higher than £250,000. Local Planning Authorities are required to make provision for First Homes at the proportion of 25% of all new affordable housing (other than on rural exceptions sites in protected landscapes).

There is a risk, however, that if First Homes do not sell then the affordable occupancy restriction can be removed and the property can be sold on the open market. The expectation is that the developer or owner would compensate the Authority for the loss of the discount (as a proportion of the final sale price). The marketing period should, however, be at least 6 months and include steps by the owner to sell the property including reducing its price.

The Local Plan Economic Viability Assessment 2022 considered the contribution that First Homes could make to affordable housing. It found that even at a 50% discount, prices in the Park would still exceed the commonly accepted affordability threshold of 3.5 times average income. At a 40% discount, prices would be more than 5 times average earnings. At a 30% discount First Homes would be unaffordable to lower quartile and median earners, who would have to spend at least 6.6 times their income.

First Homes will not therefore deliver genuinely affordable housing in the National Park (because of the large disparity between local incomes and house prices). There is therefore an advantage in choosing to apply the lower (30%) discount in the policy. The lower discount would yield higher sale prices and, therefore, raise scheme viability more than a 50% discount could. Raised viability would mean more value to cross-subsidise other, more affordable housing products (such as housing for rent) for which there is a much greater need in the area.

It is recommended that the discount on First Homes in the National Park should be set at 30% below open market valuation. This is supported by the Housing Viability Study 2022 and by Craven Housing Department because it would increase the viability of new housing schemes and, thereby, help deliver a wider range of genuinely affordable housing products for which there is a more acute need in the National Park.