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Blackpool Holiday Accommodation SPD Review 2016/17

Stage 1 Report

**Final Draft
March 2017**

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1.0 Introduction and the need for the review

- 1.1 The Blackpool Holiday Accommodation Supplementary Planning Document (HASPD) was adopted by Blackpool Council in March 2011. Supplementary Planning Documents (SPDs) set out more detailed information in support of existing policies contained in a Local Plan and are a material consideration when determining planning applications. Section 3 discusses the various planning policy documents in more detail.
- 1.2 The “Fylde Coast Sub-Region Visitor Accommodation Study”, published in 2009, sets the evidence context for planning policy in relation to the provision of visitor accommodation. The study, commonly referred to as the ‘Humbert Study’, considered the quality, quantity and location of visitor accommodation on the Fylde Coast. Through an assessment of the supply and demand of bed spaces in both serviced hotels and self-catering accommodation, it found that in 2008 there were around 57,000 bed-spaces in 1,657 serviced accommodation businesses (hotels, guest houses and B&Bs) in Blackpool.
- 1.3 The study found that even with a small increase in staying visitors as a result of resort regeneration (scenario 1), a minimum of 14,000 serviced accommodation bed-spaces and just under 1,000 self-catering accommodation bed-spaces would need to be lost to attain national average occupancy levels. This equated to a minimum reduction of approximately 430 holiday accommodation properties.
- 1.4 The study recommended that Blackpool pursue a significant reduction in the size of the resort neighbourhoods in an attempt to manage the reduction of holiday accommodation in the town and to ensure suitable levels of quality holiday accommodation are provided in the most sustainable locations. The HASPD therefore identifies areas both on and off the Promenade where existing hotels and guest houses cannot normally change to alternative uses including residential. The focus is to safeguard these locations for existing holiday accommodation use and support new or refurbished holiday accommodation, to improve the overall quality of supply and enhance the holiday character and appeal of these areas to support their long-term future. Change of use will generally be resisted within these areas, unless very exceptional circumstances around character and economic viability are demonstrated.

Need for review of the HASPD

- 1.5 It was always the intention of the Council to undertake a review of the HASPD after five years of operation. The decision to undertake a review at this time is also consistent with the Local Plan Part 1: Core Strategy examination Inspector’s recommendation for an early review. The review will allow the opportunity to consider the following:
 - The effectiveness of the SPD after five years of operation.
 - The continued appropriateness of the boundaries having regard to changes which have occurred since 2011, such as land use, accreditation, physical condition etc.
 - The tests for exceptional circumstances to determine whether they are reasonable and effective, and to set out consistent guidance on viability test requirements.

- Update the SPD to take account of new national and local planning policy context.
- 1.6 The review is also an opportunity to consult with key stakeholders including business owners and local councillors regarding the scope of any revised SPD.
- 1.7 This first stage of the review will look at the following:
- The background to the HASPD including key evidence, the Fylde Coast Sub-Region Visitor Accommodation Study (Humberts) from 2009.
 - The policy context including the Blackpool Local Plan Part 1: Core Strategy (2016); the HASPD (2011) and the New Homes from Old Places Residential Conversion and Sub-Division SPD (2011).
 - Five years on since adoption of the HASPD in 2011, what the current evidence tells us and what people have told us (informal consultation in 2016).
 - An opportunity to look at experience from other seaside resorts and elsewhere including supplementary guidance, HMOs, and Article 4 directions.
 - What are the key issues.
 - The options available and our recommendations.

2.0 Background

- 2.1 Blackpool is England's largest and most popular seaside resort attracting more than 10 million visitors a year. The town grew rapidly at the turn of the 20th Century and in its heyday attracted around 17 million visitors each year and supported more than 100,000 holiday bed spaces.
- 2.2 Whilst Blackpool remains at the heart of the UK tourism and visitor economy, it has experienced a significant decline in visitor numbers from the 1980's onwards, a consequence of growing consumer affluence, enhanced consumer choice and perceived obsolescence of the town's visitor offer.
- 2.3 Whilst recent years has seen an upturn in resort visitor numbers in response to investment in Blackpool's infrastructure and offer, changes in the pattern and duration of visitor stays has resulted in a significant decline in the number of overnight visitors.
- 2.4 The decline in overnight visitors has led to an overprovision of holiday bed spaces in the resort. This has resulted in a significant number of B&Bs, guest houses, holiday apartments and hotels in the inner areas of Blackpool seeking alternative uses and conversions where possible to other uses primarily residential. This in turn has resulted in:
 - A significant oversupply of small, poor quality bedsits and flats or houses in multiple occupation (HMOs) with much of the building stock in poor quality condition and in need of investment.
 - A high proportion of the housing stock in the inner areas is in the private rented sector with a high proportion of people on housing benefit.
 - High levels of transience and significant problems regarding crime, anti-social behaviour, worklessness, poor health and low educational attainment.
- 2.5 Dealing with these issues, whilst retaining and supporting an appropriate level and quality of visitor accommodation is a major challenge for the Council and its partners. The current planning policy framework seeks to allow more hotels, guest houses and B&Bs to change to quality residential use (with limitations on conversion to smaller flatted units) than before whilst at the same time retaining an appropriate level of holiday accommodation in sustainable locations which have easy access to resort facilities and key transport routes. This approach seeks to encourage a better balance of quality homes and holiday accommodation supporting the visitor economy and the regeneration of the resort.

Key Evidence Base

- 2.6 As outlined in the introduction the policy in the Core Strategy and the existing HASPD has been informed by the Humbert study (2009). This sets out the evidence context for planning policy in relation to the provision of visitor accommodation on the Fylde Coast. The three Fylde Coast Authorities of Blackpool, Fylde and Wyre commissioned Humberts Leisure to undertake the visitor accommodation study.
- 2.7 The study assessed the supply of bed spaces in serviced hotels and self-catering accommodation in relation to demand from staying visitors in the three boroughs. In Blackpool, it found in 2008 there were around 57,000 bed-spaces (25,000 bedrooms) in 1,657 serviced accommodation businesses (hotels, guest houses and B&Bs). Small hotels and guest houses dominated the Blackpool market, with just 16

businesses offering in excess of 100 bedrooms. In addition, it was estimated that there were just over 4,000 bed-spaces in self-catering accommodation and just under 5,000 bed-spaces on holiday parks.

- 2.8 The study also found that Blackpool's holiday accommodation sector was generally of a poor quality and that the stock was often well below the level expected by the modern-day visitor. Occupancy levels as a whole were well below national averages and many businesses were becoming increasingly unviable. The study found that even with a small increase in staying visitors as a result of resort regeneration (scenario 1), a minimum of 14,000 serviced accommodation bed-spaces and just under 1,000 self-catering accommodation bed-spaces would need to be lost to attain national average occupancy levels. This equates to a minimum reduction of approximately 430 holiday accommodation properties.
- 2.9 The study concluded that there was a clear oversupply of serviced hotel and non-serviced self-catering accommodation in Blackpool and that this was undermining the effectiveness of policy protection for the resort neighbourhoods. The resort neighbourhoods were designated in the Blackpool Local Plan 2006 and defined on the Blackpool Local Plan Proposals Map 2001/2016. Plan 1 shows the resort neighbourhoods and also has the current areas overlaid as defined in the HASPD in 2011.
- 2.10 The study recommended that Blackpool pursue a significant reduction in the size of the resort neighbourhoods. It suggested more tightly focussed resort neighbourhoods concentrating on the key hotels along the Promenade and upon the strongest remaining areas of guest houses and hotels in six other locations. These are identified as 'Key Promenade Hotel Frontages', 'Main Holiday Accommodation Promenade Frontages' and 'Main Holiday Accommodation Areas' and are shown on plans and described in the HASPD. These are explained in more detail in section 3 below.

3.0 Policy Context

- 3.1 As outlined in the introduction (section 1 above), the HASPD provides support and more detailed guidance on the current planning policy for holiday accommodation.
- 3.2 There are currently three key planning policy documents which deal with the issue of holiday accommodation in the town.
- a) The Blackpool Local Plan Part 1: Core Strategy, adopted in January 2016; and supplementary guidance as follows:
 - b) The Holiday Accommodation SPD adopted in March 2011; and
 - c) The New Homes from Old Places Residential Conversion and Sub-Division SPD adopted March 2011.

These are described in more detail below.

a) Blackpool Local Plan Part 1: Core Strategy (adopted January 2016)

- 3.3 The Core Strategy sets out a number of relevant policies which will influence the revision of the HASPD. Policy CS12 refers to support for sustainable neighbourhoods; Policy CS21 refers generally to leisure and business tourism in the town; and Policy CS23 refers specifically to the issue of managing holiday bed spaces. Each of the main policies is summarised below with the justification behind them.

Policy CS12: Sustainable Neighbourhoods

- 3.4 This states at point 2: “that neighbourhood regeneration and improvement will focus on: Neighbourhoods within the inner area, including the mixed holiday and residential neighbourhoods of North Beach, Foxhall and South Beach, and the predominantly residential neighbourhoods of Claremont, Talbot and Brunswick, Revoe and St Heliers. To support development and investment in these neighbourhoods the Council will address the problems and challenges associated with poor quality housing and unauthorised residential use through wider housing, planning and enforcement initiatives, including: a) Opportunities for selective intervention to improve the quality and mix of existing housing stock, and b) Providing assistance with site assembly where required to facilitate major redevelopment schemes, including the selective or comprehensive redevelopment of key sites.”
- 3.5 This policy recognises that the mixed use holiday areas form part of wider inner area neighbourhoods. These neighbourhoods face significant issues relating to imbalanced communities, housing mix, environmental quality, poor public realm, lack of green infrastructure, including open space and private gardens, high levels of transience, lower levels of education, high benefit dependency.

Policy CS21: Leisure and Business Tourism

- 3.6 Point 1 of this policy states: “In order to physically and economically regenerate Blackpool’s resort core and town centre, the focus will be on strengthening the resort’s appeal to attract new audiences year round. This will be achieved by supporting (selected): b) Proposals for new visitor accommodation focused on the town centre, resort core and defined holiday accommodation areas, unless exceptional circumstances justify a peripheral location outside these areas, d) The

improvement of existing holiday accommodation and giving marginal, lower quality guest houses the opportunity to convert to high quality residential accommodation outside the defined holiday accommodation areas, and e) New development along the promenade's built frontage which complements the high quality public realm investment along the promenade to enhance the appearance of Blackpool's seafront."

- 3.7 This policy together with policy CS23 provides the main policy context for the review of the HASPD. It sets out the context for continued investment in new visitor accommodation focused on the town centre, resort core and defined holiday accommodation areas, whilst recognising the need for improvement to existing accommodation and allowing conversion to high quality residential use outside the defined holiday accommodation areas.

Policy CS23: Managing Holiday Bed Spaces

- 3.8 This policy states: "To achieve an economically viable level of quality holiday accommodation, the following approach will be adopted to manage a reduction in the oversupply of poor quality holiday bed-spaces:

1) Within the main holiday accommodation areas defined in the SPD:

a. Existing holiday accommodation use will be safeguarded and new or refurbished holiday accommodation will be supported

b. Change of use from holiday accommodation, or the loss of sites used, or last used, as holiday accommodation, will be resisted unless:

i. Exceptional circumstances are demonstrated in accordance with the SPD, or

ii. In relation to a promenade frontage, the proposal would provide high quality holiday accommodation alongside a supporting new residential offer. Such proposals would need to comply with the requirements of the SPD.

2) Outside the main holiday accommodation areas:

a. Where existing holiday accommodation is viable its retention will be supported, including measures to improve the quality of accommodation

b. Change of use from holiday accommodation to permanent residential use will be permitted where proposals provide high quality homes which comply with the Council's standards for conversions or new build, and relate well in use, scale and appearance to neighbouring properties.

3) Within the key promenade hotel frontages defined in the SPD, holiday accommodation use will be safeguarded and appropriate measures to enhance the character and appearance of existing hotel buildings and frontages will be supported, to help sustain the long term future of the resort."

- 3.9 This is the key policy providing the context for the HASPD. Policy CS23 allows more guest houses to change to residential use than before, encouraging a better balance of quality homes and guest houses. In order to successfully manage this reduction and to ensure suitable levels of quality holiday accommodation are provided in the most sustainable locations, the policy approach is to identify main holiday accommodation areas (through a Holiday Accommodation SPD) where existing

hotels and guest houses cannot normally change to alternative uses including residential. These areas will generally be focused within the defined Resort Core, as shown on the Key Diagram, although may include some areas beyond this boundary as appropriate.

- 3.10 Within these areas, the focus is to safeguard existing holiday accommodation use and support new or refurbished holiday accommodation, to improve the overall quality of supply and enhance the holiday character and appeal of these areas to support their long-term future. Change of use of holiday accommodation to alternative uses, including residential, or the redevelopment of sites in use, or last used, as holiday accommodation for alternative uses, will generally be resisted unless very exceptional circumstances around character and economic viability are demonstrated. Details of the defined holiday accommodation areas (including precise boundaries) and demonstrating exceptional circumstances are set out in the HASPD.
- 3.11 Sections of the promenade are included within the main holiday accommodation area in recognition of its important contribution to Blackpool's holiday accommodation offer. It is the resort's shop window and many of Blackpool's largest hotels are located here. Despite past decline in visitor numbers and some underinvestment in businesses and properties, the promenade remains the prime location for holiday accommodation.
- 3.12 Within the main holiday accommodation areas on the promenade, whilst the focus is to support new or refurbished holiday accommodation, the policy also allows appropriate mixed-use developments providing high quality holiday accommodation/residential uses. Such developments would need to meet high standards of design and deliver clear regeneration benefits (full details of these requirements are set out in the HASPD).
- 3.13 Having smaller areas means that a greater number of hotels and guest houses are now located outside the main holiday accommodation areas. This holiday accommodation remains part of the resort offer and the retention of viable businesses will be supported, including measures to enhance the quality of existing accommodation. However, the policy gives property owners the option to change to residential use should they no longer want to remain as a hotel or guest house. Enabling more hotels and guest houses to change to residential use will encourage a better balance of quality homes and guest houses, providing that future change of use proposals are properly managed and create good quality housing for Blackpool residents. Therefore, all new residential uses must meet the quality standards set out in design guidance for residential conversions and sub-divisions (the 'New Homes from Old Places SPD'). This will help to improve Blackpool's housing offer and transform these neighbourhoods into successful communities.
- 3.14 The policy approach set out in the new Core Strategy is in response to the Humbert study recommendations to allow a managed reduction of holiday accommodation in the inner resort areas. It has 4 principal aims:
 1. Identifying clusters of holiday accommodation in appropriate locations along the key promenade and inner resort areas which should be retained and within which change of use will be resisted (to be set out in a HASPD);
 2. Allowing new development along the promenade which complements the high quality public realm investment to enhance the appearance Blackpool's seafront;
 3. Encouraging investment in existing holiday area accommodation and new high quality accommodation in suitable locations focussed in the town centre,

resort core and defined HAAs unless exceptional circumstances justify a peripheral location outside of these areas;

4. Allowing more holiday accommodation to change use outside the main holiday accommodation areas to high quality residential use (with appropriate standards to be set out in supplementary guidance – currently the New Homes from Old Places SPD).

Supplementary Planning Guidance:

b) Blackpool Holiday Accommodation SPD (2011)

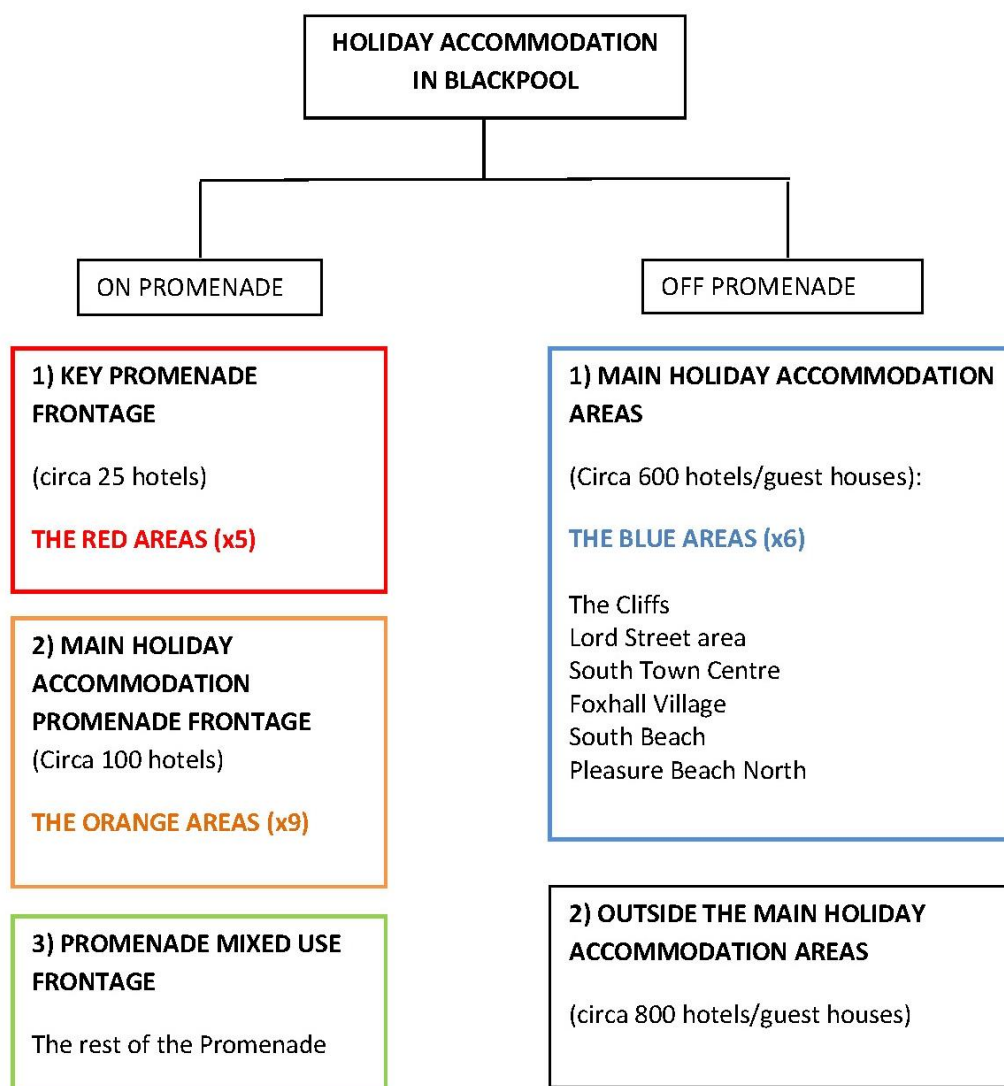
- 3.15 The HASPD, adopted in March 2011, was based on the previous Core Strategy Preferred Option (April 2010) policy context.
- 3.16 The key aims of the HASPD were to:
- support an improvement in quality and reduction in quantum of holiday accommodation which consolidates provision around the strongest clusters;
 - maintain the Promenade as the ‘shop window’ to the resort, offering a range of high quality visitor accommodation;
 - provide a high quality holiday accommodation offer in the following six defined areas: the Cliffs, Lord Street, South Town Centre, Foxhall, South Beach and the Pleasure Beach; and
 - encourage mixed neighbourhoods outside of the main HAAs, complemented by a New Homes from Old Places SPD (parts of which have now been superseded by the national housing technical housing standards – nationally described space standards) that provides guidance on residential conversions and seeks to prevent properties being used as HMOs.
- 3.17 The HASPD defines holiday accommodation area boundaries for the Promenade, including key hotel frontages containing a number of the resort’s largest and best known hotels and the main promenade frontage, and six other main HAAs off the Promenade. Broad areas for holiday accommodation were initially identified in the Fylde Coast Visitor Accommodation Study, but the more detailed boundaries were subsequently determined and agreed by the Council as part of the SPD process including extensive consultation with hoteliers and other stakeholders. The original boundaries were drawn based on:
- detailed land use and building condition surveys with the aim of identifying robust concentrations of holiday accommodation within areas with a strong holiday accommodation character and
 - an assessment of their perceived viability and attractiveness.
- 3.18 In establishing the promenade boundaries the HASPD aimed to retain the quantum of holiday accommodation and also referred to the intrinsic architectural character and appearance for the key frontage locations. Off the promenade 10 general criteria were set out. These covered: strategic evidence, such as the Humbert Study and Blackpool Local Plan; neighbourhood evidence such as quality and accreditation; local character such as location, scale and quantity; and the future, such as viability and attractiveness.
- 3.19 The HASPD makes it clear that the character is quite diverse within the town. Drawing up the boundaries involved both the perceived viability and attractiveness as

well as use of the then current facts and figures regarding use, property type, and the accommodation provided. The criteria are reviewed and reassessed in Chapter 7 of this report.

3.20 To reduce the quantum of holiday accommodation and to consolidate provision around the strongest clusters, the main off Promenade HAAs in the HASPD were made smaller than the Resort Neighbourhoods that were identified in the Local Plan (adopted 2006). It was considered that these areas in the 2006 plan were drawn too widely and retained too many holiday accommodation premises that were no longer meeting the requirement of today's visitor. The Resort Neighbourhood areas are illustrated on Plan 1.

3.21 The HASPD aims to resist changes of use from holiday accommodation to other uses within the defined areas. Figure 3.1 below illustrates in simple terms how the HASPD is structured in terms of the physical sub division of areas. In this report for ease of identification we have used the terms "red areas", "orange areas" and "blue areas" as these are reflected on all of the supporting plans.

Figure 3.1: Structure of the HASPD



On Promenade

- 3.22 Blackpool's promenade (from the Norbreck Castle hotel in the north to the Solaris in the south) stretches for over 8.3kms (5.2 miles). It includes large and small hotels, key attractions such as the Tower and Pleasure Beach, holiday flats, residential accommodation and a range of other commercial premises. It is mixed use in character and the red and orange areas identified in the HASPD cover approximately 50% of the total promenade frontage and represent some 125 hotels.
- 3.23 The **key hotel frontage** (red areas) is easily identified and stretches from Queens Promenade to Talbot Square and comprises 5 frontages including large hotels such as the Cliffs, the Imperial, the Grand Metropole and the Talbot Square Ibis Styles. Here the emphasis is on safeguarding the existing hotels, retaining their intrinsic architectural character and value, as well as enhancing the character and appearance.
- 3.24 The **main holiday accommodation promenade frontage** (the orange areas) covers a larger area and includes 9 separate frontages from the Norbreck Castle Hotel in the north down to the pleasure beach frontage in the south. The emphasis is on retention of the quantum of existing floorspace but also to allow redevelopment and improvement proposals that provide a high quality mixed use holiday accommodation and residential offer.

Off Promenade

- 3.25 Off the promenade the HASPD identifies 6 **main holiday accommodation areas** (the blue areas). The policy approach in these areas is to safeguard existing holiday accommodation use. Changes of use from holiday accommodation to permanent residential will only be permitted in very exceptional circumstances where properties fundamentally differ in character and it would be without any detriment to the character of the holiday accommodation area, with an assessment required indicating that the building is not viable for future holiday use.
- 3.26 Outside the defined blue areas the emphasis is on creating balanced residential neighbourhoods. Here it was estimated in 2011 that there were some 800 hotels/guest houses in operation. Existing holiday accommodation with or seeking accreditation is supported but the main emphasis is to allow changes of use away from holiday accommodation to residential.

c) New Homes from Old Places SPD (2011)

- 3.27 In order to improve Blackpool's housing offer and transform Blackpool's inner neighbourhoods into successful communities, the New Home from Old Places SPD was produced with the aim of improving the quality of residential conversions. All conversions to residential uses must meet the quality standards set out in the SPD which includes dwelling sizes, floor space, amenity space and design best practice.

National Planning Policy Framework

- 3.28 The National Planning Policy Framework (NPPF) sets out national guidance for plan making and for making decisions on planning applications. The guidance in relation to the economy is relevant in developing planning policy for Holiday Accommodation as follows: Para 19 states that "the Government is committed to ensuring that the

planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth”.

- 3.29 Para 20 states that “To help achieve economic growth, local planning authorities should plan proactively to meet the development needs of business and support an economy fit for the 21st century.
- 3.30 Para 21 states that “Investment in business should not be over-burdened by the combined requirements of planning policy expectations. Planning policies should recognise and seek to address potential barriers to investment, including a poor environment or any lack of infrastructure, services or housing.
- 3.31 In drawing up Local Plans, local planning authorities should:
- support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances;
 - plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;
 - identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and
 - facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.

Determining applications

- 3.32 Para 197 states that “In assessing and determining development proposals, local planning authorities should apply the presumption in favour of sustainable development.”
- 3.33 Para 200 states “The use of Article 4 directions to remove national permitted development rights should be limited to situations where this is necessary to protect local amenity or the wellbeing of the area.
- 3.34 Para 203 states “Local planning authorities should consider whether otherwise unacceptable development could be made acceptable through the use of conditions or planning obligations”

Ensuring viability and deliverability

- 3.35 Para 173 states “Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable.
- 3.36 “Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.

4.0 Five years on - what the evidence tells us

4.1 As part of this review of the SPD, a variety of evidence has been gathered to understand what is happening in the HAAs at present and to determine any changes that have occurred since the SPD was adopted in 2011. This has included:

- site surveys looking at land use, levels of vacancy and street character
- analysis of planning enquiries, planning applications and enforcement cases
- identification of holiday accommodation properties on the market
- identifying the location of accredited holiday accommodation.

4.2 This information will be used to establish the key issues to consider when developing options for the future of the HASPD and the precise boundaries. This chapter is subdivided based on the information gathered as follows:

a) Detailed analysis of the number of bed spaces and premises

b) Current situation within the HAAs relating to:

- i) Land use
- ii) Planning evidence (pre-application enquiries, planning applications and enforcement cases)
- iii) Holiday accommodation on the market
- iv) Trading levels
- v) Accreditation
- vi) Street Character
- vii) Changes occurring without the need for planning permission including Lawful Development Certificates (LDCs)

c) Areas that are under pressure for change based on the evidence gathered.

a) Detailed analysis of the numbers of bed spaces and premises

4.3 In 2009, the Humbert study referred to a clear 'oversupply' of holiday accommodation in the town. From 2,342 holiday accommodation premises identified in 2001 (Accommodating change: Planning for the future of areas of older holiday accommodation in Blackpool, CURS January 2002), Humberts identified 1,805 premises in their research during 2008, representing a 23% reduction over some 7 years. Under their scenario 1 (representing a small increase in visitor numbers based on resort regeneration) it stated that a minimum of 14,149 serviced accommodation bed spaces and approximately 875 self-catering accommodation bed spaces would need to be lost to attain national average occupancy levels, equating to a minimum reduction of approximately 428 holiday accommodation properties. It is also worth noting that Scenario 2 (marginal decrease in staying visitor numbers) referred to a much greater loss of 23,636 bed spaces and some 660 premises, and Scenario 3 (a significant decrease) went even further and referred to a loss of some 27,354 bed spaces and 761 premises.

4.4 This section of the report uses up-to-date evidence gathered to establish the loss of bed spaces and premises that has occurred since 2008.

Establishing a 2008 baseline for comparison

- 4.5 To establish a comparable baseline it is necessary to analyse data post 2008 and compare with the known data within the defined areas for 2016. The methodology we have used to make this comparison is explained in more detail in Appendix 1.
- 4.6 In summary this analysis suggests that in 2016 there are currently approximately **674** trading holiday accommodation premises (both hotels and self-catering) in the defined areas and approximately **703** outside, a total of **1,377**, representing an overall reduction of 24% in the 8-year period since 2008 (approximately 16% in the defined areas and 30% outside).
- 4.7 Furthermore, using the 2001 CURS data, comparisons can be made for 2001, 2008 and 2016 to illustrate the change that has taken place over the past 15 years, as illustrated in Figure 4.1 below.

Figure 4.1: Graph showing decline in the number of trading holiday accommodation premises



- 4.8 In addition to the number of premises, previous studies have also referred to the total number of bed spaces. Current data suggests a total of 49,400 bed spaces in Blackpool in 2016 representing a reduction of 11,315 (18.6%) since 2008 (60,715 minus 49,400), approximately 75% of the required reduction under scenario 1 (circa 15,024).

b) Current Situation within the HAAs

i) Land Use

- 4.9 Up to date information is available on the current land use in each of the HAAs, both on and off the Promenade, based on a detailed survey conducted in November 2015, refreshed and checked during 2016. Plans 2a-2f show the current (2016) land use in

each of the defined areas together with data on ‘accreditation’ and ‘on the market’. As outlined above it was estimated in 2011 that there were some 725 ‘hotel premises’ located in the defined HAA’s. Current data suggests a total figure in 2016 including self-catering holiday flat accommodation of 674 (628 hotels/guest houses and 46 self-catering holiday flat premises) which are currently trading and 108 which are not trading (98 hotels/guest houses and 10 self-catering holiday flat premises), a total of **782**. Table 4.1 below illustrates the breakdown by area (Red, Blue, Orange) and includes other uses such as commercial and residential.

Table 4.1: Land Use 2016

HASPD Area	H/GH T	H/GH NT	HF T	HF NT	COM	RES	DEM	Totals
Red	20	1	0	0	1	0	0	22
Orange	88	16	8	0	19	21	3	155
Blue	520	81	38	10	10	157	4	820
Totals	628	98	46	10	30	178	7	997

Key: H/GH T = hotel /guest house trading; H/GH NT = hotel/guest house not trading; HF T = holiday flats trading; HF NT = holiday flats not trading; COM = commercial; RES = residential; DEM = Demolished

ii) Planning Evidence

- 4.10 The HASPD places controls on changes of use so as to maintain the concentration of holiday accommodation uses in the areas identified. This section looks at how the SPD has worked in practice and any changes that have occurred post adoption of the HASPD in March 2011.

Planning Applications

- 4.11 Five planning applications for conversion to residential use have been approved in the HAAs since the adoption of the SPD in March 2011. These relate to one property in each of 5 separate HAAs, all off the promenade in the blue areas (South Beach, Foxhall, North Town Centre, South Town Centre and Pleasure Beach). There were exceptional circumstances demonstrated in each of these cases, and they represent a very small change within the areas.
- 4.12 Some 11 applications for conversion to residential use have been refused in the HAAs, 3 of which went to appeal, but none of the appeals were successful. In each case the Inspector supported the approach in the SPD and considered the change of use from holiday accommodation to residential would be detrimental to the character of the HAA with no exceptional circumstances being demonstrated.

Pre-application Enquiries

- 4.13 Since March 2011 the Council’s planning department has recorded 36 pre-application enquiries for change of use from holiday accommodation to residential in the HAA’s. Table 4.2 below shows where these enquiries have occurred. Pre-application enquiries illustrate an appetite for conversion to residential and may indicate businesses are struggling.

Table 4.2: Planning Enquiries for Change of Use, post 2011 adoption

HASPD Area/location	No. of Enquiries
Norbreck and Bispham Promenade frontage (Orange area)	1
South Promenade Frontage (Orange area)	4
Pleasure Beach Promenade Frontage (Orange area)	2
North Town Centre	2
Foxhall	3
South Town Centre	15
South Beach	8
Pleasure Beach	1
TOTALS	36

- 4.14 Enquiries along the promenade are minimal (7) but within the HAAs, South Town Centre and South Beach have seen the most activity. In the South Town Centre the most enquiries were in Hornby Road, Reads Avenue and Palatine Road. In South Beach, Woodfield Road has seen the most activity.

Enforcement Cases

- 4.15 Planning enforcement is used when breaches are made such as a change of use which has not been approved through a planning application. Since 2011, there have been some 101 enforcement cases relating to permanent uses in the defined areas. These are summarised in Table 4.3 below. Two enforcement notices and one breach of condition notice have been served, all in the blue areas, but in the majority of cases either no action was taken, there was no control, or they were not expedient to pursue. 45 cases remain ongoing.
- 4.16 This high level of enforcement activity reflects some of the underlying issues in the HAA's, and in particular in the areas away from the Promenade. Although lawful change, through permissions, has been relatively small, as indicated above, changes are happening on the ground which are not strictly lawful. Common examples include holiday flats being used as permanent flats; and hotels taking in permanent guests or operating as a house in multiple occupation (HMO).

Table 4.3: Planning Enforcement Activity in the HAAs post 2011

HASPD area	NA	NC	NE	ON	RE	NS/BC	Totals
Red	0	0	0	1	0	0	1
Orange	0	5	1	3	6	0	15
Blue	5	24	1	41	11	3	85
Totals	5	29	2	45	17	3	101

Key: NA = No action taken; NC = No control; NE = Not expedient; ON = ongoing; RE = resolved; NS/BCN = enforcement/breach of condition notice served

Summary of Planning Evidence

- 4.17 The above data clearly indicates that, in terms of planning applications, the level of change within the defined areas since the HASPD adoption in 2011 has been relatively small. However the number of pre-application enquiries and in particular the level of enforcement cases clearly indicates an underlying issue within some of the

HAAAs with hoteliers expressing an interest to change to residential and in some cases taking in permanent residents. This is a potential indication that some business are struggling.

- 4.18 A number of existing permissions have been implemented after the adoption of the HASPD but these related to earlier consents assessed against the previous planning policy. There have been 3 appeals against refusal of planning permission within the off Promenade HAAs but none of these were successful as the inspectors did not agree that a suitable case had been made and that the change would affect the character of the area.
- 4.19 Based on the evidence collected, the policy, to restrict change in the defined areas, is being effective. Change outside the defined areas has however been much greater. The number of applications for conversions is higher and there have been many more approvals as was the intention of the existing HASPD and Local Plan policy approach. This change outside the HAAs will be analysed in more detail in part d of this section of the report.

iii) Holiday Accommodation on the Market

- 4.20 Data is available on the number of properties on the market in 2016 (October) together with consistent data over a 5-year period since the adoption of the HASPD in 2011. Plans 2a-2f show all properties currently on the market. From discussions with local agents it is quite normal for about a quarter of all properties to be on the market at any particular point in time. This does not necessarily reflect that they are failing and could be due to a whole range of factors including retiring owners or opportunity sales.
- 4.21 Evidence as shown in Table 4.4 below illustrates that overall 24% of properties in the HAAs are on the market. There are currently 5 properties on the market on the key promenade frontage, 21 (24%) on the main promenade frontage and 162 (24%) in the main HAAs off the promenade. 24% of those on the market in the blue areas have been on the market for over 5 years, since the SPD was adopted.

Table 4.4: Hotels on the market (October 2016)

HASPD area	Over 5 years on the market	between 2 and 5 years on the market	between 0 and 2 years on the market	Total on the market now
Red	0	1	4	5
Orange	4	8	9	21
Blue	39	43	80	162
Outside the HAAs	12	18	46	76
Totals	55	70	139	264

- 4.22 Agents have indicated that typically the value of a property is based on the freehold (non-trading) value, plus the value of the goodwill as perceived by the market. Typically this is 1 to 1.5 times the net adjusted profit/earnings before interest, tax, depreciation and amortisation (EBITDA) plus an element for the in situ value of the trade fixtures and fittings. The market has not changed significantly for some time and there is currently little lending into this sector. It is understood that banks are not keen on lending within the town generally and properties offered at auction are often failing to attract bids. In terms of the freehold non-trading values these vary typically

from £5,000 - £10,000 (based on a per bedroom rate) and have been as low as £3,000. For example, a 10 bedroom guest house could be sold for as little as £50,000.

- 4.23 The annual occupancy rate for some guest houses is as low as 25%-30% per annum and competition for tariffs means that the turnovers are modest and the net adjusted profits are often very poor representing a yield (by reference to the turnover) of 3-4% where the market would normally expect 12-18% for commercially traded hotels. However, properties do continue to sell as they operate as a “home with income”, with purchasers factoring in the cost of their own accommodation. Agents have indicated that re-establishing a failed or closed down guest house business is unlikely.

iv) Trading Levels

- 4.24 There are examples of non-trading holiday accommodation premises across the HAAs, with some streets experiencing higher levels than others. The key promenade frontages contains 21 hotels, only one of which is not trading. There has been more change in the main promenade frontage (Orange area) with some 14.3% no longer trading. The main HAAs off the promenade (blue areas) show 14% as no longer trading but there are significant differences when looking at individual areas as illustrated in Table 4.5 below.

Table 4.5: Distribution of trading and non-trading properties

Hotels and self-catering	Trading	Not Trading	Total Holiday Accomm Properties	% no longer trading
Red Areas	20	1	21	4.8%
Orange Areas	96	16	112	14.3%
Blue Areas	558	91	649	14%
Total	674	108	782	13.8%
Most notable changes in the blue areas:				
Foxhall	31	11	42	26%
North Town Centre	42	10	53	19%
South Town Centre	252	40	292	13.6%
South Beach	115	20	135	15%

- 4.25 Within the blue areas off the promenade the biggest change has been in Foxhall (26% no longer trading). The analysis in Appendix 3 also looks at the areas on a street by street basis to highlight anomalies within the areas themselves. Some streets now contain a mix of uses and are no longer predominantly in holiday accommodation use.

v) Accreditation

- 4.26 There are two national accreditation schemes in place for visitor accommodation; Visit England and the AA. Both work to the same set of standards. Accreditation levels within the town are relatively low given the high number of serviced accommodation. Up to December 2016 data shows there are a total of 189 accredited holiday accommodation properties in the town. Approximately two thirds of those accredited are in the defined areas. Plans 2a-2f show all those accredited both within the defined areas and just outside. Half of the trading hotels in the key

promenade frontage (red areas) are accredited, whereas that figure drops to 19% within the main promenade frontage (orange areas). Within the HAAs off the promenade (blue areas), only 16% are accredited. Overall some 17% of those trading are accredited. Outside the HAAs it is estimated that only 10% are accredited (71 out of approximately 703 premises).

- 4.27 However, it should be noted that the increase in use of online booking websites and recommendation sites such as TripAdvisor, is considered by hoteliers to influence visitors in their choice of accommodation without the need for formal accreditation.

vi) Street Character

- 4.28 As part of the evidence gathering, a qualitative assessment of street character was made during the detailed site surveys with the aim to establish those streets which exhibit a particular holiday character that is worthy of safeguarding.
- 4.29 The assessment looked at various aspects that contribute to the overall character of a street including: building height / scale / style, uniformity / rhythm, landscaping / greenery and general upkeep of properties. A summary of the positive and negative aspects was made, identifying elements of the street's character that strengthens holiday ambience.
- 4.30 The assessment has identified a variety of characters from the quieter more residential holiday character of King Edward Avenue to the busy commercial holiday character of Albert Road and Hornby Road.

vii) Changes occurring without the need for planning permission

- 4.31 A number of permanent residential properties are evident within the HAAs and these are identified in the land use survey. Some of these have lawfully occurred without the need for planning permission, as a result of historic permissions for holiday flats that did not include a condition restricting the use to holiday flats only. Therefore, these flats can be used as either holiday or permanent accommodation and in many cases are small, one bedroomed flats or bedsits. There are now a number of private landlords that are exploiting this loophole and acquiring these properties for rental purposes, in many cases accommodating people on housing benefit, many with chaotic lifestyles. This has led to issues including anti-social behaviour which impacts on hoteliers and their guests in the surrounding area.
- 4.32 Relating to this issue, eight Lawful Development Certificates for residential use have been approved in the HAAs since 2011 – this is formal recognition that a particular use is lawful. Examples include holiday flats being used as permanent flats without a restrictive condition as discussed above and residential uses that have become lawful after a certain length of time.

c) Areas under pressure for change

- 4.33 As outlined above there has been some change in the defined areas between adoption of the HASPD in 2011 and 2016. Some areas have changed more than others, and although the number of permissions granted since 2011 is small, a number of existing permissions were in place which have now been implemented together with a series of lawful development certificates. Furthermore a number of premises used as holiday flats have changed to residential without the need for

planning permission. In some streets the greatest change is in the number of hotels and guest houses which are currently not trading.

- 4.34 In some cases the non-trading hotel/guest houses operate effectively as a home for the owners. The premises may also be used for some longer term tenants. There have also been cases where former hotels/guest houses have become derelict, are boarded up and in some cases have been damaged by fire.
- 4.35 In addition to the above, planning enforcement activity illustrates the pressures being placed on certain areas where there is unlawful activity taking place. Not all such unlawful activity is documented as there may be activity that the Council has not been made aware of and as outlined in Section 5 below, the planning enforcement team deals with a large number of cases each year.
- 4.36 To enable a more detailed assessment of the HAAs, we have reassessed all of the areas on a street by street basis in Appendix 3 of this report. This considers all of the data currently available and highlights those areas where change and pressure for change is occurring and this has directly informed the recommendations set out in Section 8.

5.0 What people have told us

5.1 As part of the review of the HASPD we have undertaken informal consultation with a range of people including representatives from the Council (both officers and members), stakeholders such as hoteliers, and commercial estate agents.

5.2 The views expressed are listed in Appendix 2, unedited, and are subdivided into the following subject areas:

General views on the current position in the HAAs

Specific planning issues

Perception of the market

Specific issues and concerns going forward: i) HMOs; ii) Anti-social behaviour

Comments on complimentary actions: i) Licensing; ii) Other initiatives/programmes

Site and area specific comments

5.3 We have not attributed comments to individuals but they have been grouped into general themes/issues to illustrate the range of views. There was some consensus but in general terms it is accepted that the issues faced by the town are much wider than just the planning policy issues and the potential solutions are both wide ranging and complex.

a) General views on the current position in the HAAs

5.4 It is recognised that there has been a continued decline in the inner area of the town and there are still a high number of life expired guest houses. It was broadly agreed that on the face of it the policy has been successful in limiting change within the defined areas, however, all is not often what it seems to be, with what appear to be guest houses from the front with signs and sun rooms, but behind they are operating as an HMO or they are a marginal/unviable business and effectively a home with income.

5.5 It is accepted that Blackpool experiences some complex social and economic issues and land use planning policy is only one solution component and other complimentary actions are required. It is therefore difficult to separate the HAAs from the wider housing and benefit issues which inner Blackpool faces.

5.6 There was general agreement that failed businesses within the HAAs are an issue as are unlawful HMOs. Some of the larger prominent hotel closures, such as those along the Promenade, are a great cause for concern as the damage to Blackpool's reputation has already been done. HMOs and poor quality cheap guest houses are ruining the market for everyone else. Similarly, boarded up former guest houses and hotels do not give the right image for Blackpool. It was also pointed out that technology has changed how bookings are made with less "door knocking" and telephone bookings with a major increase in online bookings (such as booking.com), use of smart phones, recommendations and observations on sites such as trip advisor etc.

5.7 There is more recent evidence of long term hoteliers going out of business and old guest houses either being boarded up or being run by inappropriate people.

5.8 There is a general feeling that HAAs can work and are a good means of protection. Some fought hard for inclusion in 2011 and would not want to see the HAAs significantly eroded or removed. Some also felt that removal of the HAAs completely

would be a disaster in that no planning control would be in place to prevent changes of use to residential. The HAAs can help to galvanise the holiday accommodation community.

- 5.9 Where residential conversions have taken place within HAAs without the need for planning permission (previously discussed in Chapter 4 section vi), there is significant concern over their quality. In a lot of cases the quality is poor and the lack of outside space, servicing arrangement, car parking etc does not encourage the right type of housing mix. Residential use for most people in the HAAs means HMOs. Many would rather live next door to a vacant property than a poor quality residential use. There is also a general concern about the introduction of residential uses into the HAAs. Some felt the two uses cannot operate side by side, others suggested the demand within the private owner occupied and rented sector is very weak particularly for family homes and 2-bedroom accommodation and that the main demand is for 1 bedroom accommodation.
- 5.10 It was broadly accepted that the issues experienced in Blackpool with regard to HMOs are unlike other English resort areas due to the overall scale. Hoteliers are generally fed up with HMOs, both lawful and unlawful and the time it can take to resolve the problems caused by them such as anti-social behaviour. The general feeling expressed by those consulted was that uses such as HMOs are incompatible within the HAAs and they erode the core activity of guest houses and can change streets forever. However, where high quality single residential uses have met all planning requirements, it can sometimes work but one HMO alone can bring down a whole street.

b) Specific planning issues and perception of the market

- 5.11 It is recognised that the Council has not approved many changes of use within holiday accommodation areas, and it has been difficult to meet the exceptional character and viability tests outlined in the HASPD. There is little guidance for applicants on the issue of viability.
- 5.12 A major problem across all the HAAs has been the use of holiday flats as permanent flats where planning permission has not been required. A number of historic permissions for holiday flats did not include conditions restricting the use to holiday flats only. Therefore the flats can be used as permanent or holiday accommodation. In many cases these flats are small, one bedroomed or bedsits. As a result there are now a number of landlords that are exploiting this loophole and operating residential blocks in the HAAs with very small self-contained flats (bedsits) where the overall quality of accommodation is relatively poor. This has led to other issues including anti-social behaviour which impacts on hoteliers and their guests in the surrounding area.
- 5.13 The Council's planning enforcement team are struggling to deal with all of the current cases and there is an issue with conversions which have not fully complied with the conditions for removal of the holiday related elements, including sun lounge and rear accommodation for owners.
- 5.14 There is a general acceptance that there is still an oversupply of holiday accommodation in the resort. The market has not changed significantly for some time and we are still in decline and performance is poor. Generally, people want a better quality, however, pricing is an issue as prices are generally depressed. Hotels which are currently empty cannot be sold due to lack of lending from the banks, but do have

requests for purchase for a family homes which is not permitted in the HAAs. There is little lending into this sector, banks have a poor appetite for it and properties offered at auction are often failing to attract bids. Agents do not envisage any significant changes in the micro or macro market due to the current over-supply.

- 5.15 There is anecdotal evidence from the agents contacted that deals have broken down on premises outside the HAAs as there is a perceived view that you have to be in the HAAs. Once a hotel/guest house fails it is difficult to re-establish the business. It is recognised that the stock is ageing, most of it being mid/late Victorian and as a result the cost of repairs and renewals is proportionately high.
- 5.16 It was felt that the HAAs need to keep as many holiday accommodation uses as possible for them to work effectively. The introduction of housing has often not worked due to limited parking, no gardens etc and tenants attracted to the properties has led to cases of anti-social behaviour.
- 5.17 A major problem is occupancy rates and tariffs with some annual occupancy rates being as low as 25%-30% per annum. Competition for tariffs means that the turnovers are modest and the net adjusted profits are often very poor representing a yield (by reference to the turnover) of 3% or 4% where the market would normally expect 12%-18% for commercially traded hotels. The lack of income also affects the owner's ability to invest in the fabric of the building, leading to a further deterioration of the buildings.
- 5.18 Many guest houses operate as a "home with income" with purchasers factoring in the cost of their own accommodation. However, there are some long established hotels with good profit levels which reinvest, acquire adjoining units and promote. There are some very good operators including coach contract operators mainly from Scotland.

c) Comments on complementary actions

- 5.19 The Council operates a number and range of licensing schemes in the town some of which affect the HAAs. In Blackpool there are only 160 "high risk" HMOs that fall into the mandatory category, however, just for comparison, there are only 6 in Fylde. In inner Blackpool there are 13,000 properties of which more than 50% are private rented.
- 5.20 The licensing schemes enable the Council to employ anti-social behaviour officers and with more schemes the Council has been able to employ more people and that can make a real difference on the ground. Plan 5 illustrates the areas covered by the licensing and the overlap with the HAAs.
- 5.21 A scheme has been successfully operated in South Beach area (covering a wider area than the HAA) and for HMOs there is mandatory licensing where the landlord must get a licence. There are plans for further schemes which will affect properties in the HAAs.
- 5.22 There was a general acceptance that there needs to be some form of local "quality control" on holiday accommodation businesses both in terms of management proficiency and standards of provision.

d) Site and area specific comments

- 5.23 A number of comments were made about specific areas and properties. These related to specific issues such as HMOs, both lawful and unlawful, enforcement cases and actions, and poor quality physical environment.

Summary of views

- 5.24 Although the views expressed at this stage of the review are informal they do cover a range of issues and further emphasise the problems faced by the existing HAAs. It is accepted that the holiday accommodation market is still weak, occupancy levels are low, and there is still an oversupply of hotels and guest houses in the town. Property values are depressed but it is important to note that some businesses are still doing well.
- 5.25 Blackpool's problems are complex and land use planning policy is only one element. The restrictive planning land use policy which has been operated through the HASPD since its adoption in March 2011 has been effective but there have been some changes in the HAAs and one of the main concerns is around the introduction of residential uses, often in HMOs, both lawful and unlawful, and the resultant anti-social behaviour which is damaging the HAAs. Also a key message was that the outward appearance of hotels and guest houses does not always tell the true story of what is going on behind the front doors.
- 5.26 Mixed views have been expressed on the compatibility of residential uses with HAAs, however, everyone accepts that conversions need to be of a high quality if they are to be introduced, and other complementary actions such as licensing, need to be put in place to ensure standards and controls are maintained in the HAAs.

6.0 Experience from other seaside resorts and elsewhere: supplementary guidance; HMOs; and Article 4 directions

6.1 By way of comparison we have taken the opportunity to look at other guidance available elsewhere in the UK. We have already looked at the change since 2011 in the key areas affected by the HASPD, and this provides an opportunity for comparison and a look at best practice from elsewhere.

6.2 We have looked at and analysed the following:

- a) Torbay Holiday Accommodation Guidance 2009
- b) East Yorkshire Planning for Tourism Guidance 2011
- c) Scarborough Houses in Multiple Occupation SPD 2015
- d) Brighton and Hove Article 4 Direction for HMOs 2012
- e) Hastings Retaining Hotels and Guest Houses Study 2009
- f) Hastings Retaining Visitor Accommodation SPD 2015
- g) Bournemouth Tourist Accommodation SPD 2016
- h) Manchester Article 4 Direction for HMOs 2010

a) Torbay Holiday Accommodation Guidance 2009

6.3 This 'interim' guidance dates back to 2009 (although policy controls originate from 1980s) and the now superseded Local Plan which had two policies for controlling the re-use and development of holiday accommodation, one relating to premises within 'Principal Holiday Accommodation Areas' (PHAAs) and the other to holiday accommodation elsewhere.

6.4 The guidance was produced at a time when a new Local Plan approach was being formulated and an intention that the strictest control over any changes affecting holiday accommodation would relate to the 'Core Tourism Investment Areas' (CTIA's) - the very 'best' (top 20%) of the former PHAAs (as stated in the adopted Local Plan in 2015). Here, unless they are demonstrated to be unviable, the presumption is that all hotels and guest houses irrespective of size would be retained as service holiday accommodation and occupancy conditions on holiday apartments will be unlikely to be relaxed for them to be used for housing.

6.5 The underlying basis for the guidance is an intention to reduce the number of small and marginally located holiday accommodation to better match falling demand whilst promoting and focussing on the best areas including intended Council investment here.

6.6 A total of three categories of PHAAs were originally identified with progressively greater allowances for changes from holiday accommodation as a traffic light system.

6.7 The recently adopted Local Plan has one policy that covers proposed changes affecting holiday accommodation. In addition to the viability test the policy also refers to the prospect of allowing non-holiday uses (in CTIA's) in circumstances where the existing accommodation lacks 'an appropriate range of facilities and scope for improvement'.

6.8 The emphasis outside the CTIA's in both the guidance and the new Local Plan is that the larger the holiday accommodation the more control will apply to allowing other

uses. Factors leading to allowing other uses are: not undermining the character and range of facilities and accommodation in the local area; viability considerations (particularly for larger establishments) and whether there would be regeneration or other benefits.

- 6.9 There remains a presumption first set out in the guidance and old Local Plan, repeated in the new Local Plan, against small apartments and HMOs being permitted anywhere where they would 'conflict with the tourism character and offer'. There is also an ongoing intention to promote the improvement of former holiday accommodation through the removal of unsightly extensions and the provision of appropriate facilities for residential conversions.
- 6.10 Neither the guidance nor the new Local Plan offer much advice on what will be taken account of in viability assessments except the 'degree to which properties have been marketed'. Neglect or under investment will not, 'on their own', be sufficient reasons for allowing non-tourism uses.
- 6.11 In common with the old Local Plan the new Local Plan has a policy on HMOs which aims to control the concentration and quality of conversions. In respect of the former, planning applications in the top 20% most deprived Super Output Areas (SOA) or where HMOs make up more than 10% of the housing stock in a SOA or more than 20% of the street, are unlikely to be permitted. The Local Plan refers to the Centre for Social Justice report 'Turning the Tide' (2013) which refers to disadvantage in five seaside resorts including Blackpool.

b) East Yorkshire Planning for Tourism Guidance 2011

- 6.12 This guidance is mainly targeted at developing and diversifying the tourism offer through new quality accommodation that will broaden the year round appeal of the area's resorts. The main concentration of service holiday accommodation is Bridlington where the large quantity of cheap accommodation is seen as having a drag effect on holding back new hotel investment; an identified need.
- 6.13 The Bridlington Area Action Plan (2013) supports conversions of guest houses back to housing uses, particularly for families. Avoiding high concentrations of HMOs in the town centre is seen as an issue but no particular initiatives are referred to.

c) Scarborough Houses in Multiple Occupation SPD 2015

- 6.14 This 2015 guidance is focused on achieving sustainable, inclusive and mixed communities, and impacts on residential amenity rather than any impacts on tourism. The SPD through a 'Supplementary Policy' aims to control the concentration, clustering and sandwiching of family houses, as well as the amenity impacts of HMOs and sets out a series of quite limiting maximum thresholds for numbers (10% of the local area 100m radius whilst a reference to other towns around the country shows many places use higher acceptable maximum thresholds up to 35%) and distribution of HMOs at the very local level such as over short lengths of street 100 to 200m. It also refers to an additional Licensing Scheme aimed at smaller HMOs (3 + occupants) for 5 years in certain parts of the town (including holiday areas). This initiative was prompted by a belief that welfare reform changes would lead to more pressure for HMOs.

d) Brighton and Hove Article 4 Direction for HMOs 2012

- 6.15 The reason put forward for this Direction was to control the concentration of HMOs in established residential areas (rather than tourism accommodation areas) by requiring planning applications to be submitted for changes of use from C3 (dwelling houses) to C4 (HMOs), therefore there is no impact on tourism. The local situation has also been made worse by a high demand for student accommodation.

e) Hastings Retaining Hotels and Guest Houses Study 2009

- 6.16 This consultants' study was prompted by a concern about losses of tourist accommodation (rather than what they would change into) because the Council wanted to increase the number of staying visitors and attract higher spending markets. The Local Plan at the time (adopted 2004) had a policy (T4) which allowed the change of use of tourist accommodation if there was detailed evidence that the 'building' is no longer viable and the (re-use) proposal would result in a major upgrading of the structural condition of the premises.
- 6.17 There is a good housing market in Hastings, and new hotels are considered lower in value than housing, office and other commercial uses. Despite the Council's ambitions, the study noted that 'it is difficult to see a future for poor quality tourist accommodation making little profit especially when the operators are not investing or having little aspiration to up-grade or re-position' (in the market). The study recognises that commercial acumen and how the business has been financed are key considerations in terms of establishing whether the existing operation is viable. The study also warns the council that further new budget hotel accommodation will further weaken the financial positions of poorly run guest houses.
- 6.18 There is reference to Bournemouth's approach of comparing the operation with what an 'average competent operator' would be able to achieve in terms of running a tourist accommodation business.
- 6.19 The study briefly refers to the possibility of a partial loss of rooms and to allow for the financial returns from this revenue source to be put into investment in the remainder of the hotel, as controlled by a legal agreement.
- 6.20 The study recognises that LPA's have a limited understanding of the commercial operation of hotels and that a database of key performance information would assist them to get to the crucial position of being able to assess the potential trading performance of the accommodation being considered rather than assessing the costs that are peculiar to the current owner.
- 6.21 A whole range of assessment factors are suggested but the study recognises that a wide range of agencies would need to be involved in supplying and checking the information – the headline factors set out are:
- Location – is it a priority for tourism activity?
 - Accommodation offer – range of facilities and standard
 - Development potential – potential for upgrading or repositioning of offer
 - Historic/current trading performance – over last 3 years
 - Management approach
 - Marketing – attempts to attract room bookings
 - Prospects of sale as a going concern

- Viability – in current form or capability if better run and property improved

f) Hastings Retaining Visitor Accommodation SPD Draft 2015

- 6.22 The number of serviced visitor bed spaces in Hastings reduced from 8,000 in 1951 to 1,000 in 2015 but in recent years the number of visitor stays has increased slightly and the Council considers there is a shortage of quality accommodation.
- 6.23 The draft SPD contains guidance for assessing applications away from holiday accommodation picking up most of the 2009 study factors for assessment:
1. Location – suitability of area for tourism use
 2. Evidence of being marketed for sale for at least 2 years
 3. Evidence of business planning and performance against targets
 4. Evidence of advertising for room bookings
 5. Evidence of any capital improvement by the present owner
 6. Evidence of the management experience of the present owner/manager
 7. Profit and loss account
 8. Evidence of physical condition of building, estimates of cost of any significant repairs and impact these would have on future viability of the business
 9. Evidence of scope for refurbishment, costs and viability impact
 10. Evidence of market value in present condition, after repairs and after refurbishment if required
 11. Evidence of whether the premises could be converted to other tourist accommodation e.g. language school (which appear to be prevalent in Hastings)

All 11 factors apply to accommodation with 4 or more guest bedrooms, only 1, 2 (1 year marketing) 7 and 8 apply to smaller accommodation.

g) Bournemouth Tourist Accommodation SPD 2016

- 6.24 The Council see Bournemouth as a premier tourist destination offering first class visitor facilities but aiming for wide appeal across all socio-economic groups. Loss of tourist accommodation is only allowed anywhere in the District where the holiday accommodation use of the property is no longer viable and where changes of use would not harm the tourist function of the area. The Authority no longer operates a differential policy in specific area zones. The Council is trying to 'match availability accommodation to the demand in different locations and to segments of the tourism market'.
- 6.25 There is recognition that some tourist accommodation needs upgrading but there is still a healthy demand and some indications of institutional investment in hotels and serviced apartments as well as growth in boutique hotels.
- 6.26 As part of a pre-application process the Council offers a screening service provided by a panel of industry experts and the Council for a fee. This normally meets every 2 months and assesses proposals on the basis of limited information as to whether a full viability assessment is required for a change of use application from tourist accommodation. Failure to use this service means that a full viability assessment is required when the application is registered.
- 6.27 The SPD contains the screening and full viability forms/information required. The screening service is considered particularly helpful to small and life style businesses.

The emphasis is on establishing potential trading performance rather than the existing or previous (if not trading) performance.

- 6.28 Self-catering and service flatted accommodation is presented as an acceptable fall back from hotel and guest house uses. Residential use may be accepted if there is an appropriate element of tourist accommodation. HMOs are unlikely to be accepted in tourist areas because they are 'incompatible with existing character of such areas and would adversely affect the functioning of other tourist businesses'.

h) Manchester Article 4 Direction for HMOs 2010

- 6.29 This Direction was made in October 2010, confirmed after consultation in January 2011 and came into force in October 2011. The national change in permitted development rights in 2010 prompted the designation. It covers the whole of the City Council area. The overall reason given was the harm that would be caused to the sustainability of neighbourhoods over the long term. Also a report by Ecotec for Government 'Evidence Gathering – Housing in Multiple Occupation and Possible Planning Responses, 2008' was cited. It listed the following impacts of HMOs:

- Anti-social behaviour
- Imbalanced and unsustainable communities
- Negative impacts on the physical environment and streetscape
- Pressures on parking provision
- Increased crime
- Growth in private rented sector at the expense of owner occupation
- Pressure on local community facilities
- Restructuring of retail, commercial services and recreational facilities to suit lifestyles of the predominant population

- 6.30 The Council report referred to local instances across these impacts. In 2010 there were over 50,000 students living in Manchester many in HMOs which were spreading across the southern parts of the city. There were also increasing numbers of young professionals living in HMOs. It was decided to cover the whole city with a Direction so that the distribution of HMOs was not merely dispersed to other areas within Manchester.

Key lessons

- 6.31 Our research has found that no other local authority is dealing with the scale of oversupply of holiday accommodation that is found in Blackpool, nor the challenges of housing market dynamics.
- 6.32 Other than Torbay there are no other authorities which control the loss of holiday accommodation through defined holiday accommodation areas. Torbay has a range of areas: Core areas which are the most important; Amber Zones which are more peripheral and retain some holiday character; and Green Zones which retain little holiday character. Within the red and amber zones there are varying degrees of control and viability testing depending on the number of bedrooms.
- 6.33 A number of local authorities set out clear viability guidance for holiday accommodation businesses. This differs from the Blackpool SPD where currently no guidance is given on the viability criteria required to be submitted. The Bournemouth Tourist Accommodation SPD 2016 sets out detailed viability assessment template

which would be a useful starting point for improved guidance for Blackpool. It is also interesting to note that Bournemouth offers a screening service as part of a pre-application process to consider the viability of businesses without a full viability assessment for smaller businesses. In Hastings less onerous viability requirements are required to justify change of use for smaller businesses of 4 or less rooms.

- 6.34 As with Blackpool's HASPD, the Hastings SPD also requires justification that the character of the area has changed but is less onerous than the "character test" in Blackpool.

7.0 Key issues

7.1 Based on the evidence which has been collected as outlined in Section 4 of this report and the initial informal views expressed in Section 5, the review of the HASPD needs to cover the following key issues:

- a) the current holiday accommodation market;
- b) pressure for change in the HAAs, both on and off the Promenade;
- c) appropriateness of the criteria used to determine the HAAs off the Promenade in the SPD;
- d) the quantum of holiday accommodation on the Promenade;
- e) appropriateness of the exceptional circumstances tests;
- f) the need for complementary controls and actions.

a) the current holiday accommodation market

7.2 The HASPD has been adopted for five years. In that time both the number of holiday accommodation premises and the total number of bed spaces has continued to reduce. Current data suggests that since 2008 the total number of holiday accommodation bed spaces has reduced by 11,315 which is approximately 75% of the required reduction under scenario 1 of the Humber study (circa 15,024). In terms of Scenario 1, there is still a need to reduce the number of bed spaces by around 3700. This is affecting the overall market whereby:

- values are low;
- the stock is ageing;
- lending is restricted and investment is limited;
- occupancy levels can be as low as 30% with consequent impacts on business income and investment into businesses and premises;
- some businesses are failing;
- the physical environment of some streets in the defined HAAs is deteriorating within the defined areas, particularly some streets off the Promenade, and in their wider neighbourhoods and;
- there is little or no current financial assistance available in the areas.

7.3 There is little future for poor quality tourist accommodation making little profit which inhibits the ability for operators to invest up-grade or re-position themselves within the market.

7.4 As intended by the planning policy strategy underpinning the HASPD, the level of change outside the HAAs has been much greater, mainly due to there being no restriction on changes of use away from holiday accommodation, unlike inside the defined areas. This supports the aim of the policy approach to have a concentration of holiday accommodation in a limited number of sustainable locations in the town, both on the Promenade and in the areas immediately adjacent to it.

7.5 The data suggests the land use changes approved through the planning application process inside the defined areas since 2011 are minimal, however, there is some caution in using the figures alone to assess the change. We have been made aware that a number of properties, particularly the smaller guest houses, are operating simply as homes for the owners or homes with income (possibly paying guests, even in some cases permanent tenants).

- 7.6 Also within the areas a number of businesses are now no longer trading, have closed down and are either boarded up or are now simply providing accommodation for the owners. It is recognised that re-establishing a failed business is extremely difficult and costly. These issues in the HAAs, both on and off the Promenade, are further compounded by unlawful activity such as unlawful HMOs, and non-compliance with planning conditions. There are a number of ongoing enforcement cases and despite the Council's efforts the impact of such activity can have a negative impact on the HAAs.
- 7.7 There is a need for the quantum of holiday bed spaces to reduce further in the resort. As previously highlighted in Section 4 of this report the Humbert study indicates that under Scenario 1 around 428 properties need to be lost and some 15,024 bed spaces. The updated figures suggest that around 428 properties have been lost however, the bed space figure is still in excess BYaround 3,700. This would indicate that in general terms smaller hotel properties with fewer bed spaces have been removed from the holiday accommodation sector. In view of the continued oversupply of bed spaces, the current approach in the SPD should therefore be reviewed to take account of the need for further reductions.

b) pressure for change in the HAAs both on and off the Promenade

- 7.8 The current policy in the HASPD restricts changes of use from holiday accommodation to permanent residential use in the HAAs. This change is generally resisted unless exceptional circumstances around character and economic viability are demonstrated. Evidence shows that business owners have not been successful at demonstrating exceptional circumstances and viability tests have not been submitted to prove existing businesses are no longer viable.
- 7.9 Currently there is no guidance in the HASPD to inform potential applicants as to what information should be included in the viability assessment when submitting an application for change of use in the HAAs and no information on the method by which it will be assessed.
- 7.10 Through the planning application process, change has been minimal in the HAAs. However, the character of some streets within the HAAs have succumbed to change outside the planning process, holiday flats being used as permanent flats without a restrictive condition. Some areas are under more pressure than others. There are also a number of enforcement cases where the principal use is now residential and not a holiday flat, guest house, B&B etc.
- 7.11 Where changes have occurred in a street, decisions will need to be made on the benefit or otherwise of the continued inclusion of the street in the HAAs. This is explored further in our options and recommendations in Chapter 8.
- 7.12 In terms of properties on the market, generally this appears to be within the levels expected (around 25%), although some streets experience levels above this average.
- 7.13 A clear monitoring strategy is required to record any further changes taking place in the HAAs.

c) the appropriateness of the criteria

- 7.14 The HASPD sets out 10 broad criteria to assist in the selection of the HAAs off the Promenade, covering strategic, neighbourhood and local evidence. These are set

out in Figure 7.1 below. On reviewing the criteria, it is considered that additional clarity is needed to ensure the criteria are easy to understand, are linked to the known data, and to remove any overlap of information.

Figure 7.1: General Criteria, Adopted HASPD, March 2011

General Criteria	
Strategic Evidence	1. Quantum range of future bed space requirements set out in the Fylde Coast Visitor Accommodation Study, based on anticipated visitor numbers, occupancy and viability.
	2. The rationale for individual Promenade and holiday accommodation areas as informed by the Fylde Coast Visitor Accommodation Study.
	3. Strategic fit with emerging planning policy in the Blackpool Core Strategy, and neighbourhood plans.
Neighbourhood Evidence	4. Patterns of accreditation, and quality of premises in holiday accommodation use.
	5. Monitoring and Intervention in the Private Rented Sector (MIPS) and other survey data – in particular on business health, property use and condition.
Local Character	6. Current location, scale and appearance of properties which distinguish the character of individual Promenade and holiday accommodation areas.
	7. The incidence and completeness of holiday accommodation use of individual Promenade and holiday accommodation areas.
The Future	8. The perceived viability of individual streets and holiday accommodation areas.
	9. The anticipated market attractiveness to visitors and potential investors.
	10. The likelihood of securing an alternative future (primarily residential) for individual Promenade and holiday accommodation streets and areas.

7.15 Data has been collected recently and analysed in order to establish the current situation within the HAAs. Land use is mapped within each of the HAAs, off the Promenade, on a street by street basis, hence the predominance or otherwise of holiday accommodation can be measured and assessed. This also records details such as hotels/guest houses that are no longer trading, are empty or even derelict. In addition data is available on accreditation and properties that are currently on the market, both recent additions to the market and those that have been on the market for several years. Pressure for change can be assessed using known planning enquiries, particularly for change of use away from holiday accommodation, and streets and areas that are experiencing enforcement activity, such as the unlawful use of hotels/guest houses as HMO's.

7.16 Drawing on the original general criteria as well as taking into account the outcomes of the evidence that has been gathered, the following criteria as set out in Table 7.1 should be used to re-evaluate the HAA boundaries off the Promenade.

Table 7.1: Revised Assessment Criteria

	Criteria	Description
A	Sustainable location	Well located to key attractions, the promenade and public transport
B	Predominance of active holiday accommodation uses	Concentrations of holiday accommodation in the street
C	Proportion of holiday accommodation which is no longer trading	Number of vacant hotels within the street
D	Vitality and condition within the street / area	Overall character of the street
E	Incidence of accreditation	Levels of current visitor accommodation accreditation
F	Pressure for change – currently on the market	Number of properties currently on the market (October 2016)
G	Pressure for change – long term on the market	Number of properties that have been on the market for more than 5 years (since 2011)
H	Pressure for change – planning enquiries	Level of planning enquiries since 2011 for change of use to residential
I	Evidence of unlawful activity	Level of enforcement activity since 2011 for use of holiday accommodation for permanent residential purposes

7.17 The revised assessment on a street by street basis is shown in detail in Appendix 3. For each criterion a threshold is set, and a traffic light system is used to measure the current position of the street against each criterion.

d) the quantum of holiday accommodation on the Promenade

7.18 The Promenade, as the main shop window for the resort stretches some 8.3kms (5.2 miles) and includes large and small hotels, key attractions, holiday flats and residential accommodation and a range of other commercial premises. It is therefore mixed use in character. The red and orange areas identified in the HASPD cover approximately 50% of the total promenade frontage and represent some 125 hotels.

7.19 Guidance for the orange areas is set out on page 9 of the (2011) SPD and requires the retention of the quantum of existing holiday accommodation floorspace in any redevelopment, whilst at the same time encouraging a high quality mixed use holiday accommodation and residential offer. The restrictive nature of the guidance in terms of the quantum has resulted in little change in the orange areas through mixed use major redevelopment schemes reflecting market conditions and viability issues. A number of prominent hotel properties, particularly on the Pleasure Beach Promenade frontage currently lie empty and derelict and there is growing pressure for their redevelopment.

7.20 Consideration should therefore be given to amending the SPD wording for the Main Holiday Accommodation Promenade frontage (orange areas) as follows:

Proposals will be supported which provide a high quality holiday accommodation offer alongside a supporting new residential offer. Any application will be required to justify the proposed mix of holiday accommodation and residential accommodation within the scheme.

7.21 This approach seeks to permit redevelopment and improvement proposals which provide a new high quality mixed use seafront holiday accommodation and

residential offer. In these areas, there will be no specific safeguarding of the quantum of holiday accommodation bed spaces. However, mixed use proposals should include an element of holiday accommodation, justified by detailed viability evidence.

e) the appropriateness of the exceptional circumstances tests

- 7.22 The brief requires us to consider the appropriateness of the exception test allowing change of use in very exceptional circumstances as set out in the current HASPD:

“change from holiday accommodation will only be permitted in very exceptional circumstances where properties fundamentally differ in character and it would be without any detriment to the character of the holiday accommodation area, with an assessment required indicating that the building is not viable for future holiday use.”

- 7.23 The test has proven to be very effective in that only five planning applications for change of use away from holiday accommodation have been approved and implemented since 2011, and the 3 appeals received against refusals were all dismissed. However, there is evidence that this may be masking issues relating to low viability of businesses within the HAAs including increasing numbers of non-trading businesses, enforcement activity with regard to unlawful uses, poor external condition, and planning pre-application enquiries. The exception test has also led to some unforeseen impacts in terms of the incidence of long term vacant businesses which cannot change use and therefore lie empty. Evidence has revealed that there are a number of non-trading businesses within the HAAs, and that generally these businesses rarely re-establish due to both the current market and the costs of necessary improvements. It is therefore important to consider the significant viability issues that some business owners are facing and the personal and financial implications of not being able to seek alternative use for their property.
- 7.24 Given the current market conditions, it is both untenable and inequitable to continue with the existing exception test and consideration therefore should be given to amending the approach to a key exception test of viability. This would provide consistency and clarity in application of the policy. The impact of this change will need to be monitored and inform any future review.

Proposed revised test for exceptional circumstances

Applicants who can demonstrate through a transparent and robust viability methodology, as set out in Appendix 4, that the holiday use of the property is no longer viable, should be granted permission subject to a test that the proposed use will be compatible with other holiday accommodation uses in the street and would contribute to the regeneration of the wider area.

- 7.25 Key points which any viability assessment methodology should address are:
- The emphasis is on establishing potential trading performance rather than the existing or previous (if not trading) performance.
 - Emphasising that neglect or under investment will not, ‘on their own’, be sufficient reasons for allowing non-holiday accommodation uses.
 - Considering whether commercial acumen and how the business has been financed are considerations in terms of establishing whether the existing operation is viable.

- Be proportionate and consider the potential need for different detail of testing depending on the business size/number of bedrooms.

7.26 We would suggest that any revised viability assessment is referred to but not included in the revised SPD to ensure that it can be readily updated to reflect experience and changing circumstances.

f) the need for complementary controls and actions

7.27 As outlined in Section 5, there are a number of other actions which can complement the HASPD. We have subdivided these as follows:

- i) controlling the quality and viability of residential conversions;
- ii) controlling HMOs through an Article 4 Direction;
- iii) licensing and improving businesses;
- iv) poor environmental conditions;
- v) 'joined up' thinking and development of an action plan.

i) controlling the quality and viability of residential conversions

7.28 To ensure the integrity of the defined areas it is essential that any future approvals for change of use must be correctly implemented. This means that the quality of the conversion is enforced, and conditions are implemented. This may require a more proactive approach to compliance and enforcement action.

ii) controlling HMOs through an Article 4 Direction

7.29 We understand that the Council has already undertaken an initial assessment of the feasibility of implementing an Article 4 Direction thereby removing permitted development rights for change of use to HMOs within the Borough. We would recommend that this be given further urgent consideration and should include an assessment of the success and or lessons learned from the experience of Manchester City Council as set out in Section 6.

iii) Licensing and improving businesses

7.30 Land use planning policy is only one form of control. The Council has been successful in introducing licensing schemes in the wider Blackpool area (see plan 3) to try and control HMOs and the quality of accommodation. These are summarised on the Council's website, see [Licensing Schemes in Blackpool](#). The first of the 3 schemes, in [South Beach](#), which included selective and additional licensing has been successful but comes to an end in March next year. However the Council is currently considering options including continuing to run the scheme. The [Claremont](#) scheme covers a larger area than South Beach and also includes both selective and additional licensing, running to April 2019. The latest scheme which started in 2016 covers the [Central](#) area and currently only includes additional licensing with a view to add selective licensing and will run until July 2021.

7.31 This additional layer of control has been successful and although it covers a much wider area than the HAAs, both on and off the Promenade (as seen on Plan 3) it is able to tackle some of the prevailing issues in the HAAs such as illegal HMOs, and anti-social behaviour.

- 7.32 A concern expressed through the informal consultation process was the quality of some business operators in the HAAs, seizing on the opportunity for holiday trade. The potential exists within the Council for the adoption at a local level of regulations relating to minimum business operator and accommodation standards that are required to operate a business in the HAAs.

iv) poor environmental conditions

- 7.33 Whilst we are aware of the severe financial constraints that the Council and business and property owners are under, there are concerns regarding the quality of the public realm and built environment in some of the streets in the HAAs and wider neighbourhoods which is impacting on the overall quality of the street scene. This relates to for example the maintenance of individual properties, the lack of green infrastructure in the public realm, the physical condition of alleyways, service areas and signage
- 7.34 The Council does not at present have any notable capital works programmes to improve the areas and there are no grants available to owners or groups of owners. The lack of public and private funding has meant limited environmental improvement intervention has occurred. Although some individuals have managed to maintain and improve their own properties others are burdened by a general lack of income from their business premises due to low occupancy rates, low tariffs and competition. This lack of income has severely hampered the ability of owners to invest in the fabric of the buildings, leading to further deterioration of the streetscene.
- 7.35 We suggest that consideration needs to be given to prioritising the identification of potential additional funding for the HAAs to initiate physical public realm and façade improvements and support the existing businesses. Addressing the environmental conditions will ensure the long term attractiveness of Blackpool's resort offer.

v) 'joined up' thinking and development of an action plan

- 7.36 Whilst the Council has a multi-faceted approach to addressing the challenging issues of the inner areas, we advise that the Council should prepare a multi element action plan with the involvement of relevant partners setting out all activities relevant to the future operation of holiday accommodation areas and the wider neighbourhoods promoting a comprehensive joined up approach across the Council and other involved agencies. This would help to ensure that agency programmes and actions are not at cross purposes, for instance the recent location of a probation office immediately adjoining a central HAA.

Conclusions

- 7.37 The HASPD was adopted in 2011 and has now been in operation for 6 years. This review takes into account what has happened in the defined areas during this period and the prevailing issues. Based on the evidence we have assembled and the initial views expressed through informal consultation we can summarise the key conclusions as follows:
- Both the number of holiday accommodation premises and the number of bed spaces have decreased further between 2008 and 2016. The total number of

holiday accommodation bed spaces has reduced by 11,315 which is approximately 75% of the required reduction under scenario 1 of the Humbert study (circa 15,024). In terms of Scenario 1, there is still a need to reduce the number of bed spaces by around 3700. It is estimated that there are 703 holiday accommodation premises outside of the current HAAs that can contribute to the reduction in holiday bed spaces.

- The policy approach, “to manage the reduction of holiday bed spaces to achieve an economically viable level of holiday accommodation” is being effective. In terms of planning applications approved, the level of change within the HAAs since the SPD adoption in 2011 has been relatively small. In contrast, the amount of change outside the HAAs has been much greater.
- The holiday accommodation market is still weak and property values are depressed but it is important to note that some businesses are still doing well. Occupancy levels are in many cases very low (30%).
- A number of streets within the HAAs located off the Promenade are showing signs of pressure for change, mainly due to the closure of hotel/guest house businesses.
- Opportunities for redevelopment on the Promenade have been limited and the requirement for the quantum of holiday accommodation to be retained has been too restrictive.
- The problems are complex and land use planning policy is only one element and other complementary actions such as licensing, need to be put in place to ensure standards and controls are maintained in the HAAs.
- Some streets in the HAAs and their wider neighbourhoods experience poor or deteriorating quality of the public realm and built environment.
- Consideration should be given to amending the current exception test to reflect the continuing market decline and the emerging signs of business (viability) stress in the existing HAAs and to address the impacts of long term vacant buildings on the areas and the resort.
- Any amendments to the exception tests will require monitoring of land use changes within the HAAs. This will inform any subsequent review of the HAA boundaries.
- The viability test needs to be set out and it needs to be clear, reasonable and workable.

8.0 Options and recommendations

Options

- 8.1 In considering the options available to the Council, we propose a minimum, selective and radical approach. In broad terms this involves:

Option 1: Minimal Change – no change to the current HAA boundaries, appropriate updating of text within the SPD and the provision of viability test guidance.

Option 2: Selective Change – reassessment of the streets within the HAAs against the updated criteria to determine where there has been any changes that would justify the removal of a street or whole area; revise the quantum requirements for redevelopment on the Promenade; revise the test for exceptional circumstances; provision of viability test guidance to support the exceptional circumstances test and appropriate updating of text within the SPD.

Option 3: Radical Change – removal of the HAAs off the Promenade (blue areas) and some elements of the Main Promenade frontage where justified to provide a significantly reduced area of control; revise the quantum requirements for redevelopment on the Promenade; revise the test for exceptional circumstances and appropriate updating of text within the SPD

- 8.2 Further detail on the options is provided below.

Option 1: Minimal Change

- 8.3 The first option available is to continue with the HASPD, with only minor updated amendments to the written text. The exceptional circumstances in relation to character and viability would remain and the current boundaries (Red, Orange and Blue areas) would be retained as set out in the adopted HASPD in 2011.
- 8.4 In addition to the general amendments required to the document wording to bring it up to date, further guidance will be provided on the viability assessment. Reference to a viability template will be included which will set out the typical contents for such an assessment and the method by which it will be assessed providing clarity for applicants.
- 8.5 The policy as set out in 2011 has been effective in meeting its original aim to prevent change of use from holiday accommodation to other uses within the HAAs with only a small amount of change being permitted.

Potential benefits

- The amended text would better explain the purpose of the HASPD and remove any current misunderstandings.
- Adverse business reaction would be minimised.
- Retaining existing areas will maximise the Council's control of uses within them.
- Will provide clearer direction on the requirements of the viability assessment.
- Continues to protect the most sustainable locations for holiday accommodation.

Potential risks

- Does not address the issues of vacant and abandoned holiday accommodation in the HAAs because the exception test remains unchanged.
- Could lead to an increase in the number of vacant and abandoned properties as the strict character element of the exceptional circumstances criteria may still prevent unviable businesses from changing use.
- May lead to adverse business reaction from businesses wanting their street to be removed wholesale from an HAA.
- May lead to more vacancies, with consequent impact on quality and character within all areas both on and off the Promenade.
- May lead to an increase in unlawful uses.

Option 2: Selective Change

8.6 This second option is to make the following changes to the SPD:

- undertake minor amendments to the text, as set out in Option 1;
- remove the requirement for redevelopment schemes on the Promenade (orange areas) to retain the quantum of holiday accommodation to allow flexibility (as set out in Chapter 7 section d);
- where justified amend the boundaries to the Promenade frontage where necessary to consolidate the existing holiday accommodation uses;
- amend the exceptional circumstances criteria (as set out in Chapter 7 section e) to give a greater priority to allowing proven non-viable businesses to change use subject to a robust and transparent viability assessment;
- introduce further guidance on the viability assessment;
- amend the off the Promenade HAA boundaries based on the updated criteria assessment - removing those streets where change is considered to justify removal.

8.7 Based on the review of the **Main Holiday Accommodation Promenade Frontage (orange areas)** as contained in Appendix 3, the analysis shows a predominance of green rating but there are some signals of pressure within certain promenade frontages. On this basis consideration needs to be given as to whether the following frontages should be removed:

8.8 **The Norbreck/Bispham frontage** is showing signs of pressure with some establishments not trading and some currently on the market. A number of established residential and commercial uses intersperse with holiday accommodation, although some of this is historic. The predominance of active and trading holiday accommodation establishments is receding.

8.9 **The Promenade frontage adjacent to South Beach** is predominantly hotels and holiday accommodation with some commercial use towards the south of the frontage. It is proposed that the existing properties at 391-463 Promenade could be removed from the current orange area as they are mainly commercial.

8.10 **South of the Pleasure Beach** includes a crescent of properties between Burlington Road West and the Solaris to the south (known as Bourne Crescent - 569-613 New South Promenade) and is predominantly hotel use. However since 2011, 4 large hotels in the crescent (the Kimberley, Palm Beach, Warwick and Henderson) have closed down. The Palm Beach and Warwick hotels have recently been demolished.

In addition, over the past few years there have been several pre-application enquiries for a change of use to residential and 2 planning applications for residential development have been refused since 2011, principally on intensity, scale, design, amenity and car parking grounds. It should be noted that here has been a recent planning permission for a new hotel (Hampton by Hilton) on the Palm Beach site.

ii) Off Promenade within the HAAs

- 8.11 Appendix 3 provides the detailed analysis, assessing each street against the revised SPD criteria. Based on this assessment, it is suggested that the following 5 streets could be considered for removal; Havelock Street, Palatine Road, York Street, Withnell Road and Balmoral Road. These streets are showing increased signs of pressure across the various criteria, on the whole scoring red for key criteria B or C which relate to the number of active holiday accommodation uses or non-trading hotels respectively. Other factors are also evident with various combinations depending on the street with respect to low accreditation, high levels of property on the market and an increase in planning enquiries and enforcement activity.
- 8.12 Under this option there would also need to be regular monitoring of the 'health' of each area, with appropriate targeted review to take account of further changes. A number of other streets are beginning to show signs of pressure as illustrated in the assessment in Appendix 3.

Potential benefits

- Still maintains some control of use in reduced areas
- The revised exceptional circumstances criteria would give greater emphasis to allowing proven non-viable businesses to change use which could assist in reducing the number of vacant/abandoned premises in the HAAs
- The text could be rewritten to better explain the purpose of the HASPD and remove current misunderstandings.
- The proposed revision to boundaries could minimise the risk of successful applications or appeals for change of use.
- For those streets removed provides more flexibility for holiday accommodation businesses to change use.

Potential risks

- Adverse business reaction from streets to be removed as some hoteliers value being included in an HAA.
 - Uncertainty of the impact of the new exceptional circumstances criteria on the number of businesses lost in the HAAs due to non-viability
 - Retraction, in spatial terms, of the most sustainable locations for holiday accommodation
- Uncertainty of the impact of significant regeneration projects in Blackpool over the short to medium term which may affect the need for holiday accommodation

Option 3: Radical Change

- 8.13 This option would go further than Option 2 above and would involve the removal of all of the 6 HAAs (blue areas), with a concentration only on the promenade properties within the red and orange areas. The promenade is the main shop window for Blackpool and contains many of the key hotels. The revisions to the promenade area as put forward in Option 2 would be included.
- 8.14 This option would therefore allow changes of use away from holiday accommodation in the HAAs off the promenade. Business owners who have been constrained from changing, have had to close down, or are operating unlawfully would be able to take advantage of the lifting of restrictions. Within the HAAs change is likely to take place in the short term.

Potential benefits

- Would remove the confusion between those holiday accommodation businesses that are inside and outside the HAA boundaries.
- Would allow the market to take its course across the whole sector.
- Would allow any holiday accommodation business in the resort to change use to residential giving flexibility in business and personal life choices.

Potential risks

- Likely to give rise to significant adverse business reaction as some hoteliers value being included in an HAA.
 - Uncertainty regarding the precise impacts on Blackpool's housing market.
 - Could lead to a rapid change in the sector with loss of holiday bed spaces beyond what is required, undermining the resorts visitor economy and wider neighbourhoods
 - Would involve the loss, in spatial terms, of the most sustainable locations for hotel development
 - Could lead to significant pressure on the resources of the development management and enforcement teams and the work of the anti-social behaviour officers.
- 8.15 Based on this review and the assessment carried out as shown in Appendix 3, at this stage there is insufficient evidence to justify removal of all the blue areas.
- 8.16 Although there is some anecdotal evidence regarding the general poor quality and health of some holiday businesses within the HAAs, a comprehensive survey of all businesses would be required to provide a more accurate picture. This would give a better indication of the number of businesses that are 'under stress' and give the Council a fuller understanding of how many properties are not trading, only trading during certain parts of the year, and ultimately operating at unviable levels.

Recommendations

- 8.17 From the work undertaken for this commission it is clear that since its adoption in 2011, the existing HASPD has been successful in restricting the amount of change within the HAAs, and the wording of the exceptional circumstances test has been sufficiently strict to ensure that very few changes have taken place through the planning application process. However the strict wording of the exceptional circumstances test appears to have impacted on some HAAs leading to holiday premises being abandoned/left vacant or used for unlawful purposes.
- 8.18 The evidence shows that there has been a further reduction of holiday bed spaces within and outside the HAAs over a number of years, moving towards the targets as set out in the various scenarios in the Humbert Study.
- 8.19 There is also anecdotal evidence which suggests that the 'health' of existing businesses within the HAAs may be such that their viability in the short to medium term is vulnerable. Recognising that 'business stress' is occurring within the existing defined areas it is important that consideration be given to allow further change and bring about the required market adjustment in a controlled manner.
- 8.20 **Option 1**, which is the minimum change approach, would maintain the most control over change of property use through the planning process and retain to the full extent, the locations which are identified as the most sustainable in spatial terms for holiday accommodation, in particular for the smaller guest houses, B&B's and holiday flats. However, it will not, on its own, address the increasing issues of business viability. As Option 1 does not propose any change to the exceptional; circumstances test it is therefore likely to lead to an increasing level of vacant premises, unauthorised uses and associated social issues with consequent impact on the wider resort neighbourhoods.
- 8.21 The level of change suggested under **Option 3** would effectively remove control which is currently afforded by the HAAs off the Promenade. Removing all the HAAs off the Promenade may promote significant changes of use to residential which could destabilise the areas which provide much of the traditional Blackpool holiday accommodation offer. There is concern over unforeseen issues with consequent impacts on the wider resort and potentially a significant reduced holiday bed-space offer.
- 8.22 **Option 3** is also likely to lead to a significant reaction from the community. Evidence has shown that in some cases the designation of an HAA, in particular off the Promenade, appears to have galvanised communities and as demonstrated in the assessment in Appendix 3 some streets are performing well. It is therefore important that this option should only be considered based on strong up to date evidence. A comprehensive survey of all holiday accommodation businesses would be required to provide an accurate picture and help to identify the numbers of businesses that are 'under stress' and may wish to cease trading in the near future.
- 8.23 Taking into account the 3 options we have presented, it is recommended that consideration be given to presenting **Option 2** for consultation.
- 8.24 **Option 2** retains the HASPD but with amendments to existing boundaries of the areas to reflect those streets and areas which are showing a certain level of change since 2011 as supported by our analysis of the assessments (Appendix 3) and set out in Section 8 (paras 8.6 to 8.12)

- 8.25 Importantly, **Option 2** addresses the growing issue of business viability by revising the exceptional circumstances criteria. This will provide owners who can demonstrate poor business viability with more flexibility. This option will allow more change to happen but in a controlled manner.
- 8.26 It is important to note that whichever option the Council decides to adopt there are risks. There is no option that will give an easy solution to what is a major structural economic, social and physical problem.
- 8.27 In developing the options and considering the different elements of each option the Council should be made aware that each option is not mutually exclusive and the Council may wish to adopt one option with elements from another.

Other recommendations

- 8.28 In addition we have set out below complementary actions which we suggest would need to be considered regardless of which option is chosen.
- 8.29 Based on our discussions with various stakeholders it is clear that planning policy alone cannot be expected to deliver the aims of reducing holiday accommodation, improving quality and creating balanced inner resort neighbourhoods. As discussed in Section 7f of this report the long term sustainability of the HAAs will not be secured by the HASPD alone. We would recommend therefore that the Council seek to urgently establish a joint working approach, involving appropriate Council teams, and external partners to develop an 'Action Plan' to secure the future of the HAAs. This action plan would include:
- Commissioning further evidence, including:
 - business and property surveys to establish business health and property conditions; and
 - environmental audit of the inner resort area to develop a baseline understanding of the nature of environmental conditions as a basis for developing intervention actions.
 - To develop intervention programmes/actions, including:
 - public realm improvements to the HAAs; and
 - business licensing scheme.
 - A comprehensive approach to planning and housing enforcement.
 - Continued monitoring of the New Homes from Old Places SPD to understand its effectiveness in delivering high quality residential conversions
 - Develop funding strategies, including lobbying Government and appropriate agencies.
 - Develop a joined up approach across the Council and external agencies to coordinate investment and other actions to maximise benefits and avoid mistakes, e.g. locating sensitive uses within or adjoining the HAAs.
 - Consider how other planning actions may assist including:
 - Article 4 direction dealing with change of use to HMO;
 - Local Development Orders (LDO's), e.g. to allow certain development within the HAAs.

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