



Considering selling your land for development?

A look at initial issues;
by Jonathan Amos

An Overview from Clifton Homes

WRITTEN FOR CUSTOMERS OF CLIFTON HOMES GROUP AND ITS RESPECTIVE WEBSITES

While the concept of 'downsizing your home' is now fairly widely accepted as a viable method of releasing capital and reducing commitments as one gets older, the idea is less well understood where the process includes selling land which may have development potential. This can also be an issue for those who have, or have inherited, land or business premises that are no longer required.

The key conundrum is that any land has a value in its own right, but a different, usually higher value when planning permission is obtained to develop that land. However the process, expertise and cost of gaining planning permission is far more complex than first imagined and the type of planning permission sought not only influences the value of the land, but its ultimate saleability.

At the beginning of the journey in selling land owners often feel that developers will offer huge sums of money, paid immediately and the process will be done and dusted in a matter of weeks. As a result the initial offers are normally rejected out of hand as being derisory.

However as time passes and other interest comes and goes realisation shows that the first offer was in reality very fair. Why does this happen? It is a complex business decision to purchase land with many aspects to consider – planning, legal, the local housing market and the general locality concerned. Hence each land opportunity that a developer considers has to be carefully weighed up. This 'costs' in terms of professional services – architects, planners and consultants – and not least time.

Therefore their offers are serious as they can't afford not to be. The general public often imagine that new build is cheap. This is far from the case, with ever stringent building regulations, high levels of insulation, green requirements PV panels etc, etc.

Then there are planning obligations – either CIL – Community Infrastructure Levy – the developers own margins all impact on the end land value of the site in question. So those initial offers should be seriously considered, developers cannot waste time not buying land, they really want to secure land and move forward.

Also bear in mind the highest offer isn't necessarily the best, does the interested party have an appropriate track record?

Do they deliver on their promises? And do they have the funds to purchase?

While it is relatively easy for anyone to imagine what a piece of land could be used for, with different visions springing to mind, it usually takes a specialist to not only be able to see the true and realistic development potential, but crucially to assess the likelihood of obtaining planning permission and in doing so, how to negotiate the myriad of potential pitfalls along the way. In some cases, the wrong type of development plan can actually reduce the value of land and in many situations can actually make the land far more difficult to sell. As one of the leading companies dealing with the sale of development land, Clifton Homes comes across many different development scenarios, but also has experience with house builders, to know what the market requires and even have experience of building their own smaller developments.

For example, it is tempting to envisage an upmarket development of very large spacious homes, imagining the type of home one might dream of, however in reality the extra size may mean that building costs might be tripled while the extra market value for each home may only represent say double a normal home, thus the potential return is less than optimum and the whole development may only appeal to a very limited market, making it difficult and slow to sell.

Understanding the entire process from start to finish and then making decisions based on the consideration of development potential, coupled with planning potential and, not least, a viable sales route is at the heart of any plan, and any unforeseen pitfalls or changes can unfortunately mean additional costs/loss of value and/or increased time to a successful sale. Clifton Homes carries out an initial appraisal,

usually free of charge, to assess the likely development potential and what routes may be available. Subject to agreement they can then find out the optimum unit sizes and handle all the planning work required.

Sometimes this work can be carried out by a developer introduced through Clifton Homes' personal contact network, who would normally underwrite all these costs. Planning costs can easily run to tens of thousands of pounds with a plethora of reports often required to support a planning application. These could include tree surveys, ecology reports, transport assessments, sustainability reports, a flood risk assessment, environmental assessment and energy assessments.

Some larger tracts of land require far more time, input and investment to get planning permission. In these instances a developer would require an option arrangement or possibly something called a 'subject to planning agreement'. Both indicate the price to be paid for the land though one might be expressed as a percentage of open market valuation. Time is also required to promote the land to the local authority which enables a developer to demonstrate how the site in question meets the policies set out by the relevant planning authority.

This brief introduction above merely scratches the surface of the route to selling land with the benefit of planning permission.

Each site however is unique and we recommend that you approach Clifton Homes who have years of experience guiding people through the maze of selling development land.

Contact

Clifton Homes welcomes any questions from Land Owners on the topic please contact them on 0117 3730077 or email ja@cliftonhomes.com

About Us

Established in 2003 the Clifton Homes Group has many years' experience in the housebuilding sector. The founding Director – Jonathan Amos has worked within several high profile housebuilders.



Clifton Homes has a background in large scale residential development gained with industry leaders over the last 25 years. Founded by Jonathan Amos in 2003 Clifton Homes is a multi-disciplined business focussed on Land, Planning and Development.

We pride ourselves on simple and straightforward solutions in the complex world of planning and development.

Our consultants have a track record of delivery and we make all efforts to ensure that land is promoted for development in the most effective manner.