



Property Knowledge

Gardener's Questions



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The Market

We all know that the private housing market has stuttered and stalled all over the UK. Some areas are less affected than others but nowhere is exempt. But business is still being done. Developers, particularly small experienced ones, are still buying and selling. In fact the real savvy ones are striking great deals because many sellers are under pressure and will often accept very heavy discounts against valuation.

And don't forget also that some sectors of the housing market are still strong. Affordable or "Social" housing for example is very buoyant. True the values are lower than in the private sector but if you buy wisely there are very good deals to be done, particularly when you are armed with the techniques and secrets revealed in this series of ebooks.

Some notes for you

Lots of ebooks are padded out with stuff to make them look bigger, in an attempt to show "value-for-money". We've resisted doing that because we don't want you to end up with lots of fluff that isn't relevant to the main idea. So these books are short because the ideas in them are very simple to understand. And they're simple to execute as well. We're not saying that they're always easy, but they're simple to follow. Everyone gets them straight away.

Learn the Rules

It's always worth reminding you to take advantage of the **"10 Golden Rules"** and **"Funding"**, both available as separate ebooks. Combine them with these secrets and you possess powerful insights into the direct route to property riches.

Intro

If you've read **"Two into One"** you will be familiar with some of the territory that we are about to explore in this ebook. If you haven't read it, you really ought to. These 2 ebooks together cover a particular market area very thoroughly, and will put you in a tremendously strong position from which to commence your wealth generation. Even if you bought nothing else you could create a great income from these 2 alone.

All of us regularly see houses for sale. Time to look again with fresh eyes. What you are looking for is a house that has noticeably more ground than one house needs, and there are many. They are easily found in rural situations but rarely work there, because in a country location people expect to have a reasonable amount of space between them and the neighbours. Of course where there is an existing cluster of houses in a small hamlet, that might be different. If all the other houses are close to each other in a small hamlet or cluster, you may get off with it. But out in open countryside it's rare to find that situation. Urban is usually best for this particular development model.

If the site is large enough to take another detached house, then the resultant value will be far greater than the original. In some cases it may be more appropriate or more profitable to look at apartments, semis, or townhouses instead of another detached house. How the deal is organised can make quite a difference to the finances, and we'll look at that later in this ebook.



Putting it Together

To find one worthwhile deal you may have to scan 50-100 sets of property particulars, and then physically visit the most promising 10 or 15. After that you may have a short list of 3 or 4, and ultimately 1 that is worth bidding on. Some weeks there might be 3 or 4 worth bidding on, but 1 would be good.

All of the above may take you a week of solid work, and to buy the property may take another 2 or 3 months, but of course once you've got the process going it just keeps on running. But once you realise how much can be made by this method, even doing one a month is great. And as we've said elsewhere, one a month isn't a bad target to aim for, because not all your bids will be successful. You can spend a week filtering and after all that be outbid on the 1 that you selected. So back to the start again. In reality however, you never really stop looking once you've got the bug.

So you need to be online with all the local estate agents, and if you're in Scotland that includes all the solicitors as well. You will find it helpful to set alerts for detached houses in these sites so that you are notified whenever a new one comes on the market.. You really have to look continuously at all the web sites, because they are constantly being updated.

Your own area will no doubt have local property selling sites, and they are always best. But there some useful national sites as well. Have a look at the following but don't for a moment think that this list is complete. There are many many sites out there.

REMAX	http://www.remax.co.uk
REMAX Scotland	http://www.remax-scotland.com
Your Move	http://www.your-move.co.uk
Right Move	http://www.rightmove.co.uk
Scottish Solicitors Property Centres	http://www.sspc.co.uk

The Process

The way that we do these deals is this. Once we're happy with the overall potential and the planning approval prospects we buy the house, we apply for Planning Consent for the new house, apartments, or whatever, then we advertise the existing house for sale. Our tactic is to get as much of our outlays back as quickly as possible so that the deal isn't costing us a lot in loan interest. Ideally we'd sell the house for what we paid for it, but it's more likely that we'll lose a little because the garden ground has been reduced considerably. Plus the new owners now know that there is to be another house built next door so they may be slightly apprehensive about living beside a building site for 6 months. To close a deal quickly you may therefore incentivise things by dropping the price a little.

A useful tactic is to do a deal with the agent that sold you the house, perhaps by having your own agent split the new sales commission with him. Because this way you have access to the list of other buyers that were interested in the original property and by going back to them the first agent might close a quick deal on the



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resale. After all it's still the same house but with a reduced garden area. For some people the reduced garden may be a blessing, although it would be realistic to expect most people to think that this reduction also reduces the house value. But a very quick resale to one of the disappointed buyers is far preferable to having to start advertising it all over again. The loan interest alone could be one or two thousand per month depending on the house value, so a quick sale at a few thousand less makes sense.

But even with a drop in resale value, most of your borrowings can now be repaid, and your loan repayments will be negligible. Now you wait for Planning Consent to be granted, advertise the land, and sell it. All that remains thereafter is to divide up the profits!

A solid variation on the above would be to keep the house as an investment and rent it out. You would convert the loan to a mortgage and the rental would cover that, with hopefully some profit monthly. We don't do this because we don't want to be landlords, but many people do and they do it very successfully and very profitably.

Planning Matters

We've said this in all our ebooks because it needs repeating. Check out the planning prospects thoroughly. We are Architects so it's second nature to us, but you can get the right advice if you make an Architect part of your team. Or anyone who understands the planning process inside-out. Pay him or her well, or offer a profit-share to ensure his or her full attention. It's the absolute key to all of this. If you don't know a good Architect then ask around. And if you still can't find one, contact the **RIBA** on <http://www.riba.com/UseAnArchitect> in England or the **RIAS** on <http://www.rias.org> in Scotland. They both have systems for putting you in touch with Architects by region.

Once you're satisfied that the site is large enough you need to make sure that what you propose will find favour at the planning department. You want to get Planning Consent so that you can sell the land. But listen to your architect. Even if the planners object your architect may feel that the planning officer's objections or fears can be overcome.

To determine whether or not the site is generous enough your architect will doubtless refer to the local authority development plan, often called the Local Plan. It will probably stipulate density as measured by the ratio of building to total plot. If for example they stipulate a maximum site density of 30%, that means on a site of 1000 square metres your house cannot exceed 300 square metres. Including the garage usually. Often you find that the planners aren't too concerned about applying these guidelines rigidly, but it's worth checking. They are after all only guidelines, and if you can argue that your development works well and looks comfortable you should be able to make the case. Again you want a good architect or property professional on side to put these points.

Valuations

Having a friendly Valuer on hand is vital for these types of development. For empty building plots a valuer will give you a verbal indication of likely values so that you can quickly do the sums, knowing that when it comes to formal instructions for the bank, the business will go to them anyway. But for a house they really have to inspect it thoroughly if you are to get a reliable value, and that can be expensive if you have to look at a short-list of say



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4 properties in order to find the right one. so having a friendly valuer who will help you with “assumed” values [educated guesses based on known market comparables] is a cost-effective way of narrowing things down. That way you can do the desktop appraisals without the cost of valuer’s visits, and only instruct them when a target has been identified.

Your Valuer will alert you to the knock-on effects of your proposals. In almost every case your proposals will cause a drop in the existing house value, but sometimes it is more marked than in others. If the new development is going to remove an integral part of landscaped garden, then the drop may be substantial, but if the grounds are unexceptional and the older house will still retain adequate private land, then it may be a marginal reduction in value.

Also bear in mind that at some point your bank will want a valuation sent directly to them, so best to ensure that your friendly valuer is on the bank’s approved list or panel. If not you will end up paying for the bank to instruct another firm as well.

As with Architects, ask around if you don’t know a good Valuer. And if necessary contact the **RICS** on <http://www.rics.org> who can help with referrals.

Sales

Without sales you don’t have a business, you just have a lot of debt. So make selling a priority or get someone else to do that. We always use a proper selling agent. This is a specialist job, and despite the bad press that such agents get, the good ones know much more about the process than we ever will.

Unless you intend to keep the original house, your main priority will be to quickly resell it. So ensure that there are no things that could put off an incoming buyer. A shared drive might be a drawback, particularly once the new build starts next door and contractors are in and out all day. Similarly you should make sure that there are adequate fences or walls to create privacy and avoid overlooking between the two properties.

House Types

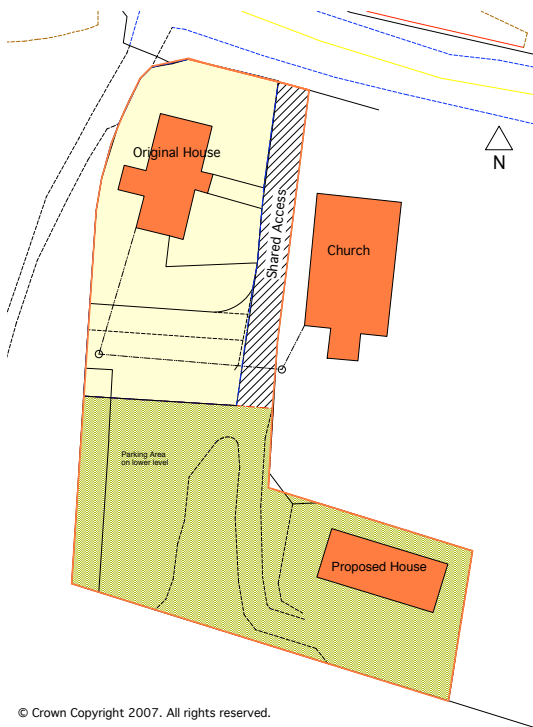
Make it your business to become familiar with house types and layouts. Often the clever deals come about because someone finds a different way of exploiting the site. Your architect should be continually looking at this for you.

Will the use of a narrow-fronted house design allow you to get another property onto the site? Will the site and of course the locality, suit apartments? 4x2-bedroom apartments with 2 on Ground Floor and 2 above won’t take up much more space than a large detached house. But the returns may be worth a lot more if there is a demand for apartments in that area.

Perhaps the answer is 2 or 3 narrow-fronted townhouses. If the site is wide enough you could design them with integral garages on the ground floor and a parking space on the drive of each townhouse.



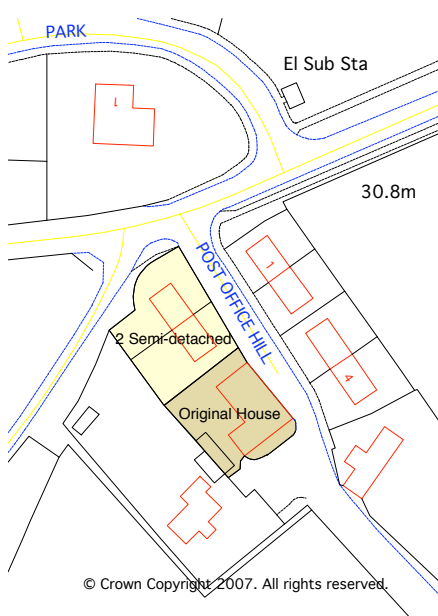
Examples



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The accompanying diagrams show a house that we purchased in a rural setting, but in an existing cluster of houses where it seemed acceptable to create a new house nearby. Fortunately the garden ground was quite generous and spread out, so we were able to envisage a new house fairly well removed from the original, with both retaining a high degree of privacy.

The original house sold very quickly for about 20k less than we paid for the whole site, Planning Approval was granted for the new house plot, and we are now in the process of selling that plot for circa 120k. No magic involved, and the deal was there for anyone else to do. They just didn't see it.



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This next example is a typical urban situation, where we offered on a house with a large garden that we considered to be capable of taking another detached property or even 2 semi's. We eventually chose the semi's because there are 2 new blocks of semi's directly opposite, so we felt that the planning department would be unlikely to oppose our application.

Remember of course that in that in making this decision to go for semi's, we restricted ourselves to selling to another developer or building contractor, because a private buyer can't build half a semi-detached house on its own. But since this type of small development is very popular with small contractors, and since there are many of them out there, we were quite happy with that prospect.



Useful Links

PROMAP <http://www.promap.co.uk>

This website is fantastically useful in that it allows you to view, print or download maps of any site within the UK. There is no subscription and you only pay for the maps that you use. Very useful for ascertaining the precise boundaries of sites and for seeing how a particular site or building sits in its surroundings.

LAND REGISTRY <http://www.landregistry.gov.uk>

Another very useful resource that enables you to find out who owns land in England or Wales. If for example you wanted to propose a deal to the owner of a field on the edge of town but didn't want to ask the neighbours for whatever reason, you can normally track the owner down via this site.

REGISTERS OF SCOTLAND <http://www.ros.gov.uk/registersdirect>

Ditto for land in Scotland

REMAX ENGLAND <http://www.remax.co.uk>

REMAX SCOTLAND <http://www.remax-scotland.com>

YOUR MOVE <http://www.your-move.co.uk>

RIGHT MOVE <http://www.rightmove.co.uk>

BUILDSTORE <http://www.buildstore.co.uk>

A treasure trove of information on all things to do with small-scale development and building. Includes a very comprehensive register of building sites available throughout UK. Read "Two into One" again and get thinking!

Summary

- Read the "**10 Golden Rules**" and "**Funding**".
- Get close to an Architect.
- Get close to a Valuer.
- Appoint a selling agent
- Find houses with gardens that are larger than needed for 1 house.
- Check current and future values.
- Assess Planning Consent prospects.
- Without sales you have no business.



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