



**Property Knowledge**

# On the Edge



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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

As ever, these deal secrets should be read in conjunction with our separate ebooks "**10 Golden Rules**" and "**Funding**". Combine them and you will have a toolkit for making serious money very quickly. Why do you think developers always look so confident!

## Build the Team

This deal type is heavily biased towards interpretation of local authority planning policies, so get your advisors onboard unless you happen to be an expert yourself.

Firstly you need to 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. 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. Alternatively you can find the web sites of all Architects in Scotland on our own web site at <http://www.mainmccook.com/architects-in-scotland.html>

Secondly you need to have a friendly Valuer on hand. In most situations 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 contract will go to them anyway.

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.



### Setting the Scene

All local authorities produce a Local Plan that explains in considerable detail just where you are allowed to build and where you're not. Also what you are allowed to build and what you're not. So some areas are reserved for Industrial development, others for Residential, some for Commercial, some for Mixed-Use, and some for Amenity or Leisure. And always around the edges of towns and cities there are limits on where building should cease and Green Belt or countryside starts.

The Local Plans are always available online, and in paper format also at your local council offices. Make it your business to read them. They are genuinely informative, and vital reading if you hope to earn a lot of money from property development.

When considering residential development we talk about areas being "zoned" for housing when they are mentioned as being suitable in the Local Plan. Land that is zoned will naturally have a much higher value than land that is not zoned, because on the latter you will have great difficulty in trying to obtain Planning Consent but on the former you already have the general principle established, so only the details remain to be approved.

Most of us of course agree that defending the Green Belt is a good idea, otherwise towns and cities would just sprawl into the countryside willy-nilly, leaving us with no unspoilt spaces to enjoy. So we are not proposing that we try and ruthlessly find loopholes in that particular policy with no regard for the larger consequences.

But there are incidences where the Local Plan has overlooked land that logically should be included, and often this is because of the process that applies to compiling local plans. When preparing a local plan the local authority will consult widely within specialist organisations and within the wider community, in order to build up a clear picture of where new development will be most appropriate. And landowners frequently put forward their sites for inclusion, hoping of course to benefit from increased land values. In many cases their suggestions will be adopted, particularly if as is normal the local authority anticipates a need for new housing during the life of this plan.

But often there are good sites that don't get put forward for all sorts of reasons. Perhaps the owner just doesn't read the literature that is circulated about the proposed Local Plan. Perhaps he or she is old or infirm or disinterested. Perhaps they have just died and the new owner is not in place yet. Perhaps the owner has plans for a Riding School and doesn't want housing on the land. Perhaps they just like the open land and don't want housing.

But 2 or 3 years later there may be a new owner and the land may be up for sale. Or there's a new owner and the land isn't up for sale; but might be if you asked! Or it's the same owner but the Riding School failed and they're in debt! Or they just changed their mind about having extra cash when they saw the way the world was going.

Either way you could talk to them, and we'll look at what you might propose later.



## Planning Issues

As they say in “Blue Peter”, don’t try this trick at home, not unless you have a lot of experience in Planning matters. But do learn what to look for so that you can firstly identify the right opportunity and secondly instruct your advisors.

What you are looking for in a nutshell is land that isn’t zoned but which you think should be. These opportunities aren’t as commonly found as those described in **“Two into One”** or **“Gardener’s Questions”**, but they do occur. And when they do the uplift in value can be phenomenal if you obtain consent. Depending upon where you are, land classed as “Agricultural” may be worth 2-10k per acre whereas land zoned for Residential could fetch 50-250k per acre. And don’t overlook other uses apart from Residential. Land that you manage to have zoned for Industrial could fetch similar prices per acre to that zoned for Residential. And if the land in question was unsuited to either of these it may still be suitable for zoning as Leisure. In any of these use categories you will quickly attract buyers if your land is zoned. So do this trick on even a few acres of land and you’re into serious money.

To start with you should be looking carefully at anything “edge of town” to see how close it is to the already-zoned areas. Is your land the odd one out? Is it the only field or parcel of land that isn’t zoned in a particular pattern of fields? Is it the missing tooth? In other words does it look as if it has been overlooked for no good reason. Talk to your Architect or advisors. See what they think.

Look also at any land that’s advertised to see if it’s near a town, city, or village. Apply the above thinking.

Look at houses with lots of land to see if they’re near to areas already zoned. You might have a stronger case because there’s already a house on the land anyway. Read **“Gardener’s Questions”**.

Talk to local estate agents. They usually have long memories and may be able to tip you off about something that was on the market last year or the year before. Or they may have just sold something to a client with more land than the client wanted. Don’t forget that they want to assist you because they get the commission.

## Housing Demand

You may not always be aiming for Residential zoning, but usually you will. So it’s worth you or your advisors speaking to some local councillors to find out how well the Local Plan is standing up to demand for housing. It’s pretty well recognised that most local plans don’t provide for adequate housing expansion, and very often more land has to be zoned part way through the life of the plan. If that is the case in your area, then you may be knocking on an open door with your request for new land to be zoned. Speak to the councillors for all the local areas and find out what their view is on this. They will know, because their constituents will have been bending their ear if a shortage exists. Conversely, if you find that a particular area does have a shortage of housing or housing land, go look for some sites in that area. And again read **“Gardener’s Questions”**.



## Proposals

If the target site is on the market then the situation is simple. You offer for it and hope to be successful. If however, you have speculatively approached the owner, then you have some options. You can offer to buy it outright at a price to be agreed, or you can propose a joint venture as described in our ebook on **“Funding”**.

In the latter situation you might for example agree that the owner puts up the land as his or her contribution and you obtain the Planning Consent and arrange the marketing and sale of the land as yours. When the sales proceeds come in you might typically split the profit 50/50, although that is up for negotiation by both parties.

In the above please remember that the owner will certainly want to receive some base value for the land before profits are declared, and you may have to haggle over just what that base value is. It may be that you have your respective valuers agree a figure to save you both a lot of potentially unpleasant arguing.

But the beauty of this development model is that you don't have to buy the site and you don't have to carry heavy interest repayments. All you have to do is pay your advisors, and if they were on a profit-share arrangement, you would have very little outlays but possibly a very large payday.

## Sales

We say all the time that 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.

## 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>

As above but 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>



## Property Knowledge

**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.
- Find sites that are larger than needed for 1 house.
- Check current and future values.
- Assess Planning Consent prospects.
- Without sales you have no business.

Happy hunting.