

Outlook

CURRENT NEWS AND VIEWS ON ISSUES AFFECTING LAND & PROPERTY

Summer 2016



In this edition



Rising to the challenge of demand for more housing.

Housing demand shows little sign of abating. We look at the challenge of planning permission.



What's the best option?

Today, the Promotion Agreement is a popular way for a landowner to work with a housebuilder or developer.



Budget signals mobile mast boost.

Mobile phone masts up to 25m tall could become more common in the countryside.



Government's Rural Planning Review Consultation

Comprehensive review of rural planning now completed.

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Rising to the challenge of demand

With housing demand showing little sign of abating and on-going under supply across the South East, there are a number of factors contributing to the interest from developers and house builders to secure that option or promotion agreement.

Across Kent, Sussex and Surrey, major schemes continue to come forward, presenting an unprecedented opportunity for some landowners. The challenge is not finding a housebuilder, but securing planning permission.

Permission granted

Communities Secretary Greg Clark recently approved plans for 1,500 homes in Gloucestershire, despite concluding it would be in “direct conflict with the adopted development plan as regards its policies on the green belt”.

While this may be a long way from Kent, it sets a planning precedent. The council had not opposed the application and had recommended the decision be delegated to the planning officer, subject to referral to the Secretary of State.

The Planning Inspector found the council concerned, Tewkesbury, had between

1.8-3.9 years of housing land supply, and the shortfall was persistent. The Local Plan didn't comply with the National Planning Policy Framework (NPPF) to maintain a five year housing land supply – so the development was approved.

Permission rejected

In a recent Kent case, Greg Clark refused a 220-home scheme in Maidstone on the grounds of traffic congestion and quality of design, despite acknowledging the borough has an “acute” housing supply shortfall.

Put forward by Kent County Council, the Future Schools Trust and BDW Trading (Ward Homes), it would have helped alleviate Maidstone's current housing land supply challenge.

However, Greg Clark felt it would have a “severe impact” on the highway network, and that large parts of the scheme



appeared: “cramped, unrelieved and somewhat anonymous”.

Despite the lack of housing land supply, this case demonstrates that schemes also must meet the other requirements of the NPPF, including design and highway matters.

The recent decision in the Court of Appeal by Lord Justice Lindholm has

What's the best option when you have poten

Today, the Promotion Agreement is a popular way for a landowner to work with a housebuilder or developer to secure planning permission, and a sale, but what is it?



For years, the popular choice for landowners was to sell land by optioning it to a developer while planning permission is obtained. This can lead to friction as you strive for the highest possible price, whilst the developer is keen to keep the price down.

However a promotion agreement provides the framework by which a developer seeks planning consent for development and then offers the land for sale on the open market. In this situation the developer is normally responsible for all the costs of obtaining planning permission.

Having secured a consent, the developer doesn't purchase the land, but instead the agreement provides a mechanism for the parties to agree how to maximise

l for more housing



further complicated what can be considered in respect of the scope of the relevant policies for the supply of housing when there is a lack of a five year supply.

Local impact

These decisions will sound alarm bells for developers, but also for Kent districts whose own Local Plans are not yet approved. Recent Government

pronouncements suggest those councils without a Local Plan in place by 2017 could be earmarked for intervention.



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tial development land for sale?

value, and the land is offered for sale on the open market. It's attractive to landowners, as the developer uses its own funds and expertise to promote the scheme within the local development framework and secure planning to maximise the value of the land.

When the land is sold, the proceeds are divided in agreed proportions, giving the landowner and developer piece of mind and incentive to work together. The clear benefit to the landowner is that because the land is marketed, there is competition between buyers and the true market value should be realised.

The tax implications of these agreements, - particularly with VAT and Capital Gains Tax - should be considered, as should the implications of market fluctuations and how this might be mitigated in the agreement.

Each case is different and depends on the

circumstances of the landowner. When considering a promotion agreement you should ask: what is your motivation and timescale to sell? How risk averse are you? Where is the land in the value curve? What is the economic outlook?

Whichever route is taken it is essential landowners take expert legal, financial and planning advice.



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In brief...



Budget signals boost for mobile phone masts

Mobile phone masts up to 25m tall could become more common in the countryside after Chancellor George Osborne announced a commitment to change planning rules to boost digital connectivity in rural areas.

The height limit for new masts will increase by 10m to 25m and masts of up to 20m will be allowed in protected rural areas without requiring planning approval, as outlined in the fine print of the Budget.

The move will be a major boost for rural businesses and communities blighted as not-spots for broadband and mobile telecommunications.

Rural landowners and businesses approached by mobile operators should contact Sam Snart for more information as these changes will also affect existing sites.

New rules permit development changes

On 6 April this year new rules came into play, which enable owners of light industrial buildings already in use to apply to convert them to residential dwellings from September 2017, following changes to the Permitted Development Rights legislation.

With the system already in place to permit the conversion of agricultural buildings, offices, as well as storage and distribution properties, the move to allow the change of light industrial premises to houses or flats will be welcomed by many property owners and small housebuilders.

Rather than have redundant buildings as eyesores in the countryside many would argue it is more appropriate to have dwellings sympathetic to the landscape, and to support the rural economy.

It's a critical time for rural planning

We recently gave our views to the Government's Rural Planning Review Consultation on how to improve the system.

This came about because the DCLG and DEFRA completed a comprehensive review of the current rural planning system, as part of the rural productivity plan released last year.

It's a critical time for farming and we welcome the Government's recognition of the importance of the rural economy.

With a rising population and growing demand for new homes, securing a productive land-based economy is vital.

However, many farmers remain nervous about applying for planning permission which is often expensive and time-consuming, as well as adding risk and uncertainty to possible projects.

We called for the expansion of agricultural residential permitted development rights to buildings within the AONB; the enlargement of the areas of land currently permitted alongside such conversions; greater support for diversification of buildings and land, to enable farmers to use their land and buildings more productively.



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Businesses can count on Kendall Richardson



In just over a year Kendall Richardson, the bookkeeping, accounts and tax specialists for small businesses and individuals, has

secured more than 130 clients, many land-based.

Led by Lynsey Kendall (pictured above) and Clare Richardson, both chartered

certified accountants, the team is six strong, with plans to expand to meet the growing demand for its services, offered as part of the Hobbs Parker Group.

"Our service is all about taking the strain off our clients.

We give them a dedicated point of contact and work with them throughout the year, not just when they need to file their tax return," said Lynsey Kendall.



 **kendallrichardson**

Contact them on 01233 506203
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The articles in this edition should not be relied upon or regarded as a substitute for advice. Hobbs Parker Property Consultants LLP would be pleased to provide further information or advice on any particular issue.

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