

PLOT TO WIN

Do you have an extra large garden? If so, you could be sitting on a gold mine.

With a national housing shortage, Local Authority Planners have to find places for new homes and rules now allow houses to be built at a higher density than in the past.

As long as your garden is big enough and you do not mind giving up some of it, building another property could land you a nice lump sum.

OPTIONS

There are several ways to do it:-

1. **The quick option.** Section off the plot and sell it. People often think that you must separate the Title and then sell the plot. This is unnecessary. The separation can take place upon sale, whereupon the Land Registry would give the plot a separate Land Registry Title Number. Clearly, the Land Registry will need to see precise drawings of the new plot to ensure it is clear where the boundaries are.
2. **The clean option.** Section off the plot, arrange for plans to be drawn for the new dwelling, obtain planning permission then sell. The value of the plot increases massively, if outline plans have already been approved.

3. **The hands off option.** Obtain planning approval for the development, then put it out to tender for a building firm to project manage and build. You can then sit back and when the property is finished, sell the newly completed development.
4. **The muddy option.** Get involved in building the new property yourself, if you have the time and experience.

ISSUES ARISING

There are issues though – so the following are worth noting:-

- **Minimise rows with your neighbours.** You should prepare yourself for complaints, but manage their expectations by talking through what you propose to do and how it may affect them. Be as considerate as possible with your neighbours.
- **If you cannot beat them, join them.** Considering joining up with neighbours and each offering your gardens for sale. A site with potential for several homes can be worth more proportionally than a plot for one.
- **Access is important.** Planners will look closely at access to the new plot. The ideal building site should have frontage onto an existing adopted road.
- **Clear the rear.** If most of your garden is to the back, you could still build as long as there is some means of access to a road. Creating an access road could be expensive and will need planning approval.
- **Hang on to your rights.** Do not sell the land to be used for a driveway to the new property. Hold onto ownership, but grant a right of way to the new

house. This will protect you in the case of the houses being built in neighbour's gardens or wanting to use your driveway. Retaining ownership and thus control is paramount.

- **Beware of systems working overtime.** Services might be compromised. For example, water pressure may drop because of the extra load. Ensure that you take and listen to all professional advice given.

RESTRICTIVE COVENANTS

If you are selling before building, you must consider imposing "Restrictive Covenants" to limit the use of the newly developed property in particular ways. For example, you can restrict only one dwelling being built on the plot, restrict its use to a private dwelling and not for any trade or business purposes, restrict extensions or further developments on the plot without your written approval. Without restrictive covenants, the buyer could resubmit the planning application for more than one property or apply for commercial use rather than residential which you may not be too happy about.

You could also incorporate a restrictive covenant, restricting the plot buyer to build in accordance with a specific approved planning permission (or certain conditions if detailed planning has not been approved). This would then give you more control to limit the size, height and position of the new dwelling – so that its impact on your retained dwelling would be reduced. The covenants imposed should be reasonable, otherwise, if they are too restrictive, the value of the plot will be greatly reduced and likewise the potential Buyers/Developers who may be interested in purchasing it.

SELL UP?

If you offer part of your garden for sale, you may be asked if you would like to sell your house too. A buyer may calculate that it is more economic to demolish your existing dwelling, to rebuild more properties on the ground. Everything is negotiable and should be considered.

TIPS

You should consider growing the hedge to hide the new property. You should also arrange main entrances and windows of the new property to face away from your existing property, to retain the privacy for your own existing dwelling, and also privacy for the property to be built on the new plot. Doing so will have a benefit for both properties and retain higher values.

DO YOUR SUMS

Speak to qualified Accountants as you may be liable to pay Capital Gains Tax and ensure you carry out your calculations by assessing:-

- (A) The current valuation of your own dwelling as it stands.
- (B) The plot value without planning permission.
- (C) The plot value with planning permission and
- (D) Very importantly the value of your existing dwelling, with the plot having been sold off and new dwelling built on the plot.

There is no point in selling the plot for £100,000.00, if the reduction in garden size and lack of privacy reduces the value of your existing property

by a similar figure. Clearly, the value of your existing property will fall by a substantial figure, the question by how much, you will need to work out by checking your figures, ensure you speak with local knowledgeable estate agents and calculate how much profit you stand to make – and whether it will all be worth it in the long run.

ACTION

Every property and potential building plot is different. But looking at the above mentioned guide should help anyone considering the potential of their large garden and whether it is a “plot of gold”. Do your research properly. Take appropriate advice from professionals. Involve your solicitors as early as you can. Here at Busbys we have a wealth of experience on developing land with associated planning issues. So do get in touch if you feel you need good guidance and help. Busbys has the Lexcel accreditation (Lexcel stands for “legal excellence”). You can contact me on **01288 35 9000** or email me on **ian.osborne@busbyslaw.co.uk**.

Ian Osborne

Busbys Solicitors

Bude & Holsworthy