

By Peter Moore
Henry H Bletsoe
& Son



* The relentless stream of bad news about the property market and wider economy means it is little surprise that developers are not chasing around the countryside, trying to buy anything with a sniff of potential.

However, development is a long-term game and it is still worth landowners pursuing the promotion of land, even if a developer is not prepared to enter into an option or promotion agreement in the current market.

GET IN EARLY

It is essential to be part of the first "call for sites" stage of the plan-making process, so landowners should ensure that their land is brought to the attention of the planners at an early stage. Promoting land in the plan-making process takes a long time, so opportunities to get involved should not be missed. Most agents with expertise in this area should be able to help.

EXISTING AGREEMENTS TO PROMOTE LAND

Where landowners have already entered into an option or promotion agreement with the developer, it is important they check the terms of the agreement. Landowners need to be clear that the developer is continuing to promote the site adequately and take full advantage of all the planning opportunities. With developers' incomes currently being squeezed they may try to cut corners or stop promoting land altogether.

Properly drafted agreements should contain provisions to ensure that developers promote the land, with dispute procedures if the landowner or agent does not believe this is being done. Pursuing allocations can be a costly process and therefore pushing a developer to act can be difficult. However, it is important that the timescales of the planning departments are met and therefore it is essential that the farmer and his agent understand what is going on.

Other points worth checking within agreements are whether they contain minimum price provisions or poor-market suspension clauses. With the market in such turmoil, the open-market valuations triggered by exercising options are likely to



Housebuilding may be hit by the economic downturn, but Britain still needs thousands of new homes.

Farmland can still offer development potential

Farmers looking to release capital to ease the burden on cash flows should still consider selling land with development potential, despite the slump in residential and commercial property markets

be at disappointing levels when compared to previous years. These types of clauses should provide some protection from the current turmoil and it is a timely lesson for any future agreement.

PLANNING PERMISSION

There are different challenges if your land has, or is about to get, planning permission. With developers or landowners having battled to gain a planning permission, probably over a number of years, unfortunately now is not a good time to achieve a consent.

If land is subject to an agreement with a developer it may be in the best interests of both the landowner and the

developer to delay the final planning application stages. This may be achieved through mutual agreement and possible renegotiation of the contract. Where a landowner has gained a planning consent and is holding back from the market until conditions improve, the dates of the consent should be checked.

Recent changes to planning law mean that consents now typically last for only three years, and within this time-frame the marketing and sale process needs to be considered. If the most bearish predictions are correct then the market may not improve before the consent expires.

It is also no longer a straightforward process to

renew or implement a consent. Where previously some minor groundworks would have sufficed, more expensive works are now likely to be required.

Trying to weather the storm by doing nothing may not be the best solution; in fact it may have expensive consequences. Landowners should consider their options and look to protect their positions. Market conditions will change and strategic work now should maintain opportunities for the future.

fwbusiness@rbi.co.uk

* Peter Moore is a development surveyor with Northamptonshire auctioneers and valuers Henry H Bletsoe & Son.