

Carter Jonas

**COULD RESIDENTIAL LAND
RECEIPTS BE UNDER
THREAT FROM HOUSING
GROWTH?**

@CarterJonas

OVERVIEW

THE GROWTH AGENDA

REGULATORY GUIDANCE

THE STRUCTURE OF LAND AGREEMENTS

OPPORTUNITIES FOR LANDOWNERS/DEVELOPERS

LAND VALUE CAPTURE

AGENDA

POLICY GUIDANCE

PLANNING APPLICATIONS (SECTION 106)

CHRIS HEMMINGS, ASSOCIATE PARTNER

LOCAL PLAN (POLICY FORMULATION)

EMMA JEWSON, PARTNER

LAND AGREEMENTS - MINIMUM VALUES

FRANCIS TRUSS, PARTNER

COMMENTARY

FRANCIS TRUSS, PARTNER

**CHRIS
HEMMINGS**

ASSOCIATE PARTNER

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POLICY GUIDANCE

PLANNING APPLICATIONS

2012 NPPF / Harman Report 2012 / RICS Guidance Note 2012

- Competitive return to the landowner
- Reliance on purchase price removed

2014 PPG Viability

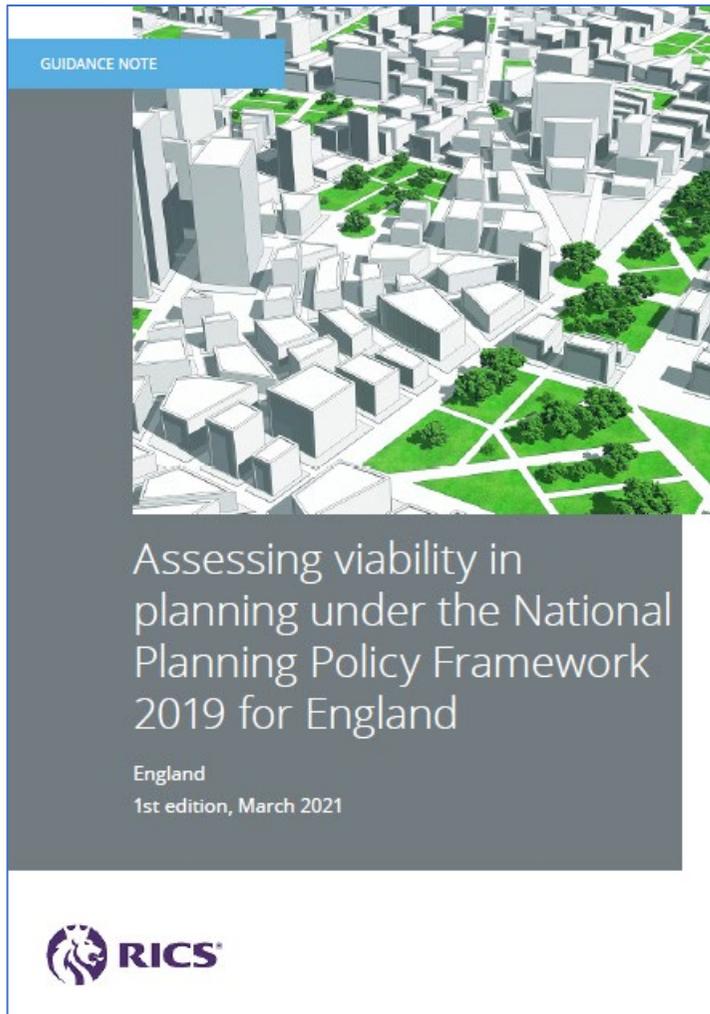
- Incentive for landowner to sell

2018-2019 PPG Changes

- Formalised the EUV + premium approach
- No multiplier for greenfield sites

POLICY GUIDANCE

PLANNING APPLICATIONS



- EUV+

CROSS CHECKED WITH:

- Residual valuation

- Land transactions

Both adjusted to be policy compliant including affordable housing.

POLICY GUIDANCE

PLANNING APPLICATIONS

MARKET COMPARABLES OF LAND TRANSACTIONS / RESIDUAL VALUATION

ADJUSTED FOR
POLICIES /
INFRASTRUCTURE
COSTS ETC.

PREMIUM
MULTIPLIER

EUV - AGRICULTURAL LAND

**EMMA
JEWSON**
PARTNER

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POLICY GUIDANCE

LOCAL PLAN

PPG 001

GOVERNMENT / LPA EXPECTATIONS FOR 'MORE'

- Build back better – quality and placemaking
- Homes for all
- Sustainability and environmental improvements

And to be paid for by the developments

MORE COSTS = LESS LAND VALUE

POLICY GUIDANCE

LOCAL PLAN

PLANNING POLICY GUIDANCE 2018/2019 – VIABILITY AT THE PLAN MAKING STAGE

- Cross sector collaboration – market evidence
- Use of typologies and standardised approach to inputs
- Evidenced infrastructure and affordable housing need
- Costs of all relevant policies (local / national standards)

MARKET EVIDENCE

- Include BLVs from LP and area wide viability assessments, land sales and minimum land values
- Viability assessments used as evidence should be based on the new PPG approach
- Pre PPG LP evidence to be adjusted for policy costs

POLICY GUIDANCE

LOCAL PLAN

EVIDENCE FROM EMERGING LOCAL PLANS

- Pre PPG BLVs: £100,000-£250,000 per acre
- Costs of S106 / infrastructure delivery increased to £40,000-£60,000 per unit
- North Essex authorities, May 2020 Inspector's examination letter:
 - “reasonable to assume that a price below £100,000 / acre could be capable of providing a competitive return to a willing landowner...”*
- Site wide viability for large strategic sites
- Harlow & Gilston – April 2019
- Cost per unit £42,700 : Affordable Housing 40% : BLV £130,000 / acre
- Fareham Borough Council – October 2019
- Cost per unit £51,000 : Affordable Housing 10%: BLV £100,000 / acre

POLICY GUIDANCE

LOCAL PLAN

CHALLENGES

- Landowners
- Collaboration
- Costs
- It's a balancing act

FRANCIS TRUSS

PARTNER

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LAND AGREEMENTS

MINIMUM VALUES

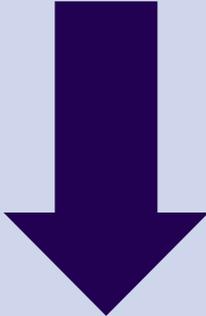
EXISTING PRACTICE FOR TRANSACTIONS

- London 'inner' commuter belt: £650,000
- Cambridgeshire / Oxfordshire: £250,000-£400,000
- Peripheral South East: £200,000

LAND AGREEMENTS

MINIMUM VALUES

THE IMPACT OF REDUCED BLVS

CALCULATION		IMPACT
Analysis	Scheme appraisal + buffer	
	% of serviced land value	
	Lower housing numbers	

A MINIMUM LAND VALUE 'FLOOR'

LAND AGREEMENTS

MINIMUM VALUES

WHAT IS THE FLOOR?

Individual circumstances and available alternatives:

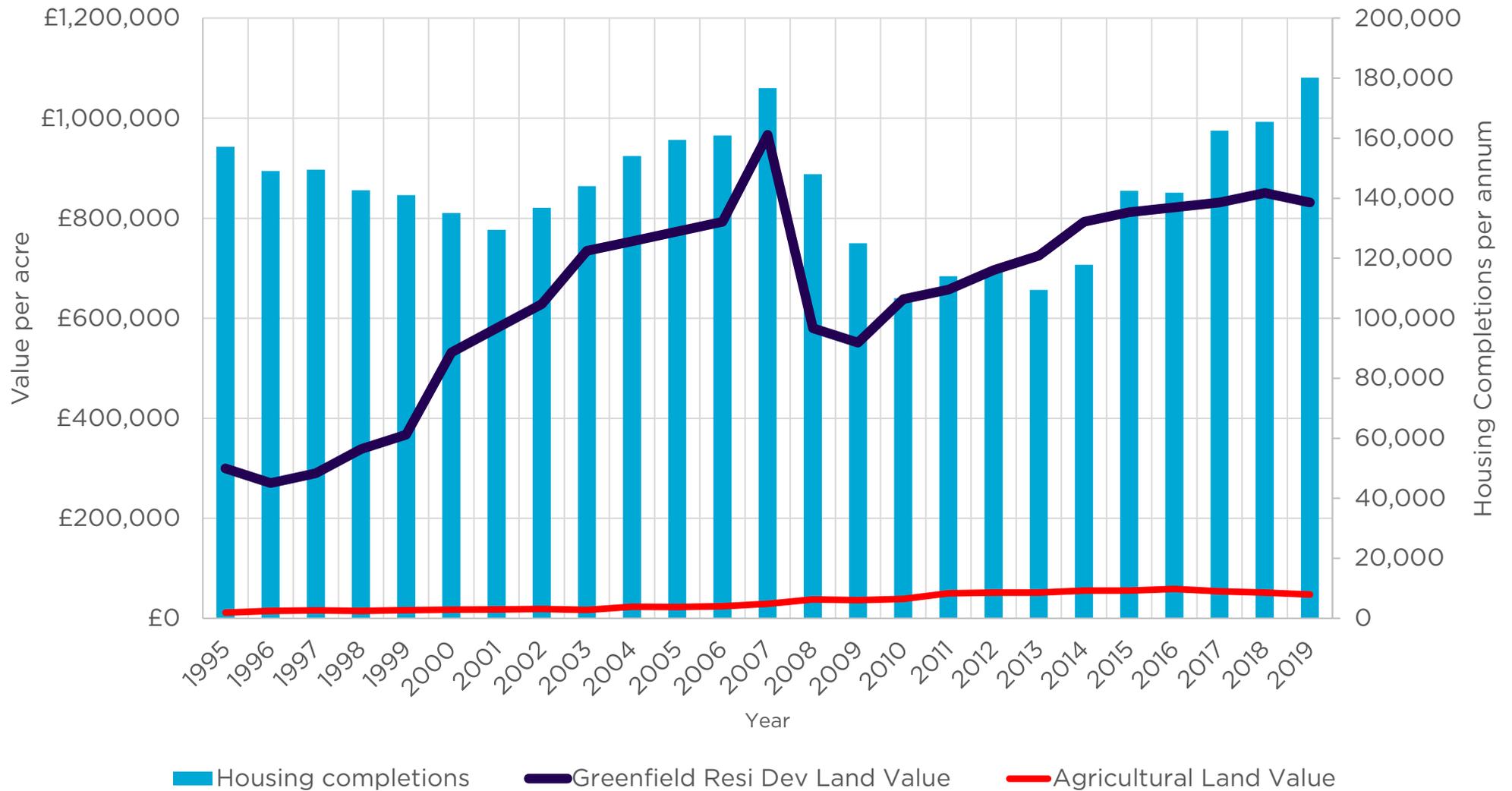
- Loss of existing site income
- Aspirations for a 'life changing sum'

Regulation:

- Consistency of LPA approach
- How it evolves

LAND AGREEMENTS

MINIMUM VALUES



COMMENTARY

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COMMENTARY

A LIVE EXAMPLE

- High infrastructure / S106 cost per unit
- Applicant's BLV supported by land transactions in the area
- LPA BLV significantly low relative to the market
- The policy compliant residual appraisal was also much lower
- Review mechanism

COMMENTARY

- BLV / Minimum land value alignment
- Confidential agreements vs FVAs
- Minimum values – just a safety net?
- Review mechanisms – kicking the can down the road
- The rise of the master developer

Q&A

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