

CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS EASTERN GROUP

Written Practical Examination – Afternoon Paper

Wednesday 12th November 2014 – 2 pm

Based on the morning inspection of

Hill Farm

Station Road

Dullingham

Newmarket

Suffolk

CB8 9UT

Examination to be held at

The British Racing School

Snailwell Road

Newmarket

Suffolk

CB8 7NU

Candidates should have read the 2014 Guidelines for the Practical & Written Examinations.

4 out of 5 questions in this paper should be answered.

Time Allowed – 2 ½ hours.

INTRODUCTION & BACKGROUND

Hill Farm extends to some 73 hectares (180 acres) as outlined red on the plan number 1 including Hill Farmhouse and a range of traditional and modern buildings. The land is mostly arable with some small areas of woodland and permanent pasture. You will be shown various specific buildings in order to answer the questions.

The farm belongs to the Shrovetide Trust and is let on an Agricultural Holdings Act tenancy to John and Ann Webster. Mr and Mrs Webster farm in partnership with their daughter aged 32. The tenancy commenced on the 11th October 1981. The current rent payable under the lease is £14,400 per annum.

In addition Mr and Mrs Webster own 32 hectares (79 acres) edged blue shown on plan number 1 including a traditional building.

Mr and Mrs Webster's daughter Lizzie owns the residential property shown edged green on plans 1 and 2.

QUESTION 1

Mr Webster has notified you that he has received a notice from Anglian Water that they propose to construct a new pipe from the Sewage Works to the sewer main in Station Road. The length of new sewer pipe is approximately 350m and will run through Field B as shown on Plan 1.

The proposed depreciation area will be a 6m wide strip and a working area of 15m wide for construction on a temporary basis.

- a) In bullet point format list all relevant matters that you wish to draw to the attention of your client to include timescales and opportunities to mitigate damage.

(5 Marks)

- b) Prepare a draft Claim for Compensation in claim format stating all assumptions made on the basis that you are dealing with an owner occupier.

(10 marks)

QUESTION 2

Your client, Mr & Mrs Webster are joint tenants of Hill Farm which is let under the Agricultural Holdings Act 1986.

(Please assume for the purposes of this question only that the tenancy term date is 21st November).

The Landlord has served a Section 12 notice to review the rent for the holding with effect from the 21st November 2014. Your client tells you that the Landlord's agent has recently been in touch and said that he no longer wishes to review the rent for the holding this year.

Write a letter to your client outlining your advice in respect of the following:

- a) The options open to your client in relation to the Landlord's Section 12 notice.
(3 Marks)
- b) The basis of assessing the rental value of the holding and what information is required to do so.
(12 Marks)

QUESTION 3

The Shrovetide Trust have been approached by a local developer who would like to take an option over the land shown hatched green on plan 1.

For this question only ignore the tenancy between the Trust and Mr & Mrs Webster.

The Developer is suggesting that under the option they would look to take 40% of the value of the land with the clients taking 60%. The option fee offered is minimal. The area adjoins the Development boundary for Dullingham. You can assume the District Council does not have a 5 year land supply and that Dullingham is not considered a suitable location. The Developers are looking for a 15 year term.

- a) You are concerned that your client is under the impression that the money is almost "in the bank". Write a brief letter explaining how an option works and the level of certainty you perceive in this case, given the proposed percentage split and other factors.

(7 Marks)

- b) Assuming your clients have decided to proceed, produce in note form a list of the headings needed in the Heads of terms document.

(8 Marks)

QUESTION 4

The traditional building is owned by Mr & Mrs Webster marked D and edged blue on plan 2. Recent legislation has introduced permitted development rights relating to the change of use of agricultural buildings to residential dwellings. Using Building D as the subject of an enquiry from Mr & Mrs Webster as to the potential for change of use under this legislation, please make notes in preparation for a meeting with them to discuss the issue, to cover the following points

- a) What is the legislation that has been recently introduced that provides this opportunity, and what aspects relating to the change of use does this cover?

(2 Marks)

- c) What factors can the Local Planning Authority consider in deciding whether prior approval is required?

(2 Marks)

- d) What limitations does the legislation impose on such changes?

(4 Marks)

- e) What documentation is required to be submitted by an applicant to the Planning Authority?

(3 Marks)

- f) Please give advice in relation to the specific building identified as to the practicalities of the proposal in relation to the other land owned and the tenanted holding, in anticipation that if successful the intention would be to sell the building.

(4 Marks)

QUESTION 5

Lizzie Webster owns the bungalow edged green on plan 2 which is excluded from the farm tenancy. The property had historically been let under a tenancy regulated by the Rent (Agriculture) Act 1976, although the property has recently become vacant.

The property was transferred to Lizzie Webster in May 2008 and a Red Book Valuation was undertaken at this time to assess the value of the bungalow and the value given was £150,000.

Lizzie now wishes to sell the property.

- a) Write a letter to Lizzie with advice relating to the methods of sale available to her, summarising the positives and negatives of each approach. You should then recommend a sale method you consider she should proceed with.

(5 Marks)

- b) Provide a bullet point list of headings that would appear in the property particulars for your chosen method of sale, together with a guide price for marketing.

(5 Marks)

- c) Outline the potential tax implications of Lizzie selling the property, assuming the property sells for the guide price that you suggest.

(5 Marks)