

# LOOKING TO REALISE CAPITAL?

Many farms and estates have redundant farm workers cottages either on the holding or in the surrounding villages occupied by former employees of the holding and many don't realise that these cottages are actually saleable on the open market despite the property being subject to a statutory tenancy.

If you have a redundant farm workers cottage/house and you let it before the 15 January 1989 as part of that workers employment, even if no formal agreement was put in place and there is no or little rent, the cottage occupied by your redundant farm worker is protected under the Rent (Agriculture) Act 1976 and his service occupancy becomes a "statutory tenancy". If the property was let after this date then it is likely to be classed as an Assured Agricultural Occupancy under the Housing Act 1988.

## **Protection for the ex farm worker**

Under the Rent (Agriculture) Act 1976 the protection of farm workers is comparable to that of occupiers of rented homes. Protection is provided in the form of the fair rent system enforced by the rent service, which limits the amount of rent that can be charged and it provides that tenants have the right to one succession.

If you let your property under the Housing Act 1988 then your ex farm worker will be protected as an assured agricultural occupancy and provided they qualify for protection will receive the same protection as under the Rent (Agriculture) Act 1976, simply meaning that a landlord can not evict a tenant and can not double the rent overnight.

Protection is also extended through the investor's agents who will normally manage the properties for them and undertake regular inspections, liase with the tenants and arrange for repairs and maintenance to be undertaken.

## **Why should you sell & is now the right time to sell?**

As we are seeing increasing demand for these properties and as the property market remains strong with little slow down despite the recent increases in interest rates, we have experienced investors paying on average 70% - 75% of the Open Market Value for these properties dependant upon condition and location. However given the current property market farmers wishing to sell could realise a sensible price for these properties. A farmer or estate looking to expand or re-invest may see the sale of such a property an effective way to release some capital tied up within the holding and could utilise this money to fund diversification and re-investment projects, with peace of mind that your ex farm worker has tenancy protection, furthermore you no longer have to maintain or insure this property.

## **What's the catch?**

Simply there isn't. Investors wish to retain these properties for their portfolios and we are seeing that Investors are keen to purchase these properties and willing to invest in all types of properties in all geographical areas of the country. No fees charged to the seller, and with immediate funds available, with no disruption caused to your tenant and the peace of mind they are fully protected in their home. Even if you are considering selling your whole farm do not dismiss the value of the farm workers or estate keepers cottage. The market is seeing these properties coming under increasing demand, they could help realise a greater value for your holding as a whole or if selling in lots, and as the property market remains strong now might be a realistic time to sit back and take account of what assets you have and how these may now realise a sensible price, and whether now is a suitable time to realise there capital.

James Bailey

Davies & Co, Kettering, Northamptonshire, NN16 0BU

Tel: 01536 524808

Fax: 01526 415095

E-mail: [info@daviesandco.co.uk](mailto:info@daviesandco.co.uk)

Web: [www.daviesandco.co.uk](http://www.daviesandco.co.uk)