

## **PLANNING JUSTIFICATION INCORPORATING BUSINESS PLAN STRATEGY**

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**SITE AT : LOWER MOSS FARM, LONGRIDGE**

**DEVELOPMENT OF SITE FOR THE CONSTRUCTION OF  
10NO. HOLIDAY UNITS**

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**FOR: Mr & Mrs D. Rainford**

**OUR REF: RAI/10**

**DATE: June 2017**

## INTRODUCTION

1. This Report is produced in support of a planning application submitted to Ribble Valley Borough Council for development of this site for 10 permanent holiday cottages. These are to be permanent stone and tiled roof construction and have shared car parking to the front. The site of the 10 permanent cottages is within the Lower Moss Farm Holiday Park, where there are presently 4 chalets constructed that are owner occupied as holiday homes. The 10 holiday cottages, in effect, replace some of former holiday caravans approved on the site but which have not been provided. The Council's reference number for the submitted planning application is 3/2017/0357.
2. In brief, the Council is concerned that because there are only 4 holiday chalets constructed at the site and the remainder as approved have not, then there is concern that about the future prospects of the park and therefore question why the current application seeks to provide permanent cottages and not the 'caravans' as previously approved.
3. This report therefore is aimed at addressing that matter from a planning perspective. It is not intended as a detailed financial appraisal of the business.

## BACKGROUND

4. In Brief, this is that up until 2007, the site was used as a poultry farm with 9 sheds, smaller buildings. An associated agricultural dwelling was granted permission in 2006 but was never implemented. That was because the unit ceased operating at that time for various wider economic reasons. Planning permission was then granted in 2007 for use of the site as a holiday park, that consent being varied in 2010. A site licence was granted for the site as a new site in 2011 for the siting of 21 'luxury' chalets, all of which were deemed to meet the definition of a mobile home.
5. Following the obtaining of those consents, the applicant commenced implementation of the scheme. This was done on the basis of building the units at the site and offering them for sale. This was thought to be highest return to value for the project. But to date, only four of them have been sold.
6. Because of the slow take up of these 'bespoke' units, a different business model needed to be formulated. Hence the current planning application.

## THE ORIGINAL BUSINESS MODEL

7. The site business model was originally that :
  - The chalets be constructed at site;
  - The chalets be sold
  - The chalets become ‘owner occupied’ as holiday homes;
  - The holiday home owners pay a service charge.
  - The chalets be ‘up market’ at the top and luxury end of the market.
  
8. However, for various reasons this model has only succeeded in part, with only four chalets having been sold. This business model has high front end costs although the advantage of obtaining single large payment on sale is attractive.
  
9. Attached at document 1 are extracts from the site’s web sites showing the units for sale. A typical asking price for sale was £225,000.
  
9. The main reasons that can be attributed to the lack of sales are complex, but can be summarised as follows;
  - Wider economics following the 2008 market crash that led to cheaper alternatives abroad;
  - Competition from ‘brand’ operators such as Haven, who offer more site facilities with any purchase;
  - Comparable costs to a holiday home purchase;
  - The expensive construction costs of the bespoke units
  - The lack of facilities on site, such as club house, entertainment etc.
  - A change in the finance market making holiday home mortgages difficult to obtain.
  
10. In brief, the marketing strategy previously envisaged was wrongly targeted. The ideal of providing ‘up market’ units for sale has not proven to be economic in the current market for the type of holiday maker in this area. These tend to be mostly ‘*independent explorers*’ who take multiple trips with family or friends seeking value for money and ‘*connoisseur searchers*’<sup>1</sup> who take regular leisure breaks at home and overseas, are older and seek quality.

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<sup>1</sup>. Lancashire visitor economy strategy 2015.

11. Given the construction and sale strategy of the original business plan has proven to be out of line with the tourism profile of this locality and the wider finance economy making direct sales difficult to achieve, a rethink of the future business model of the site has been necessary.

### **THE MARKET TO BE SERVED BY THIS SITE**

12. The characteristics of the types of visitors for the market served by the self catering holiday industry in the locality of the site are as follows:

- Families with children aged 7-14;
- Over 30 that travel with friends;
- Couples;
- Couples with friends;
- Groups looking for fun or entertainment.

13. These groups show the following holiday characteristics:

- Short breaks;
- Multiple breaks;
- Monies spent on accommodation;
- Trips planned in advance;
- High expectations looking for quality and authentic experiences;
- Strong motivation to visit particular sites;
- Take trips around special occasions

14. It is those connoisseur and independent explorers that is the main market for self catering holiday lets in this area. That profile of visitor has not fitted with the original site owner's intentions to build, provide and sell bespoke holiday units. It is clear from the site sales that the site needs to refocus itself and orientate itself towards the short term let visitor economy.

### **THE FUTURE BUSINESS MODEL**

15. These proposals with a move towards permanent structures for holiday let have several longer term advantages over caravan accommodation. The 'switch' allows a different business model for the site to be developed, increasing the potential for both short term revenue and long


term returns.

16. The original business model for construction and sale of 'up market' chalets was a model used on many sites in the UK prior to the 2008 market crash. Financial remodelling has however made financing of caravans more difficult. Whilst national operators still continue with sales on their own managed sites, the same model does not apply to an independent site of this size. Further, once made, such caravans for sale cannot be rented for the short term as the resale value is thereby disproportionately reduced.
17. The permanent holiday cottage constructions allow the following advantages :
  - Temporary let pending any sale;
  - Retention of value;
  - Optional range of finance available;
  - Reduction of risk of capital investment;
  - Less vulnerability to market fluctuations.
18. The initial construction costs of these buildings may be higher than those of the original chalet construction with potential reduction of the sale price differential. However, this is made up for by the longevity of the investment and the potential for relatively low cost refurbishment, modernisation and upgrading over the lifetime of the building.
19. The long term investment in the buildings is justified by the potential good level of return in the holiday rental market sector. An estimated construction cost of the units is £7-800,000. An expected good return to value would be 10-12%. An annual letting return of £70-80,000 for the 120 units would achieve the 10% return. This requires each unit to achieve £7-8000 per annum. Many holiday lets of this nature in this area return between 8-12,000 per annum and given a proper management regime, this could be achieved at this site, particularly as the permanent build structures will allow a potentially longer season.


## **CONCLUDING REMARKS**

20. The initial development concept of construction and sale of high end caravan/lodges at this site has met with some, but limited success. The main factors for this can be attributed to wider economic downturn making finance options for purchase of such units limited. A change in strategy is now required and the proposed permanent construction units would be better suited to sale or rent for the holiday market, easing funding and enabling the site to meet its target market.

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**THE LODGES**  
at moss farm


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*The Lodges at Moss Farm in Lancashire*

Bring your own ideas: we can help to make your dreams a reality. From a vegetable patch slice of the good life to chic, contemporary rural sophistication these homes are



Location: Any | Property Type: Any | Min Price: No Minimum | Max Price: No Maximum | [SEARCH](#)

**The Lodges, Moss Farm, Longridge £ 225,000**



**Property Details**

- £ 225,000
- For Sale
- 3 Bedrooms
- Detached

**Property Address**

The Lodges, Moss Farm , Lower Lane, Longridge  
**Location:** Longridge.

*The Lodges at Moss Farm in Lancashire*



Farmer David Rainford and his artist wife Julie have set out to create 18 bespoke lodges which don't compromise on quality or style. "The lodges are not kits which are assembled on site, they are individually-designed and built from scratch using high quality timbers; beautiful cedar on the outside and pine on the inside with lovely oak trims. They are solid and built to last in a range of sizes from two-bed to four-bed with some design flexibility to allow each buyer to add their own personal specification," said Julie. "They can be constructed in just 12 weeks offering totally stress-free and maintenance-free accommodation in beautiful surroundings both inside and out"