

BRIGHTON & HOVE COMMUNITY LAND TRUST

**COMMUNITY SHARE OFFER
BUSINESS PLAN**



www.bhclt.org.uk

Executive Summary

Brighton & Hove CLT (BHCLT) wants to put housing development back in the hands of the people who need it. Housing has become inaccessible for too many people who live in the city, with average rents taking up massive proportions of average incomes, mortgages out of reach for the majority of people, and families and young people getting priced out of the city.

BHCLT is a Community Benefit Society, registered with the Financial Conduct Authority (registration number 7502). We act as an umbrella CLT for the city of Brighton and Hove, with the aim of acquiring, developing and stewarding land and other assets. We have a membership of over 400 people and our work is guided by a board of 5 directors and supported by a team of experienced part-time contractors.

We work with community-led housing groups across the city to deliver alternatives that are affordable, secure, sustainable and of community benefit forever. Our role is to build the foundations and networks that enable local people to work together and take their community-led ideas and solutions forward. This can involve us both in creating housing ourselves and in supporting groups to do the same. A young organisation, we have been very successful in securing grant funding to progress community-led housing in the city and are now seeking to achieve our first capital project.

This business plan accompanies our share offer document. We are issuing community shares of between £260,000 and £385,000, which will enable us to secure a mortgage on our first property, which we will buy and lease to SEASALT, a student housing co-operative, set up to provide an alternative to the current student housing market, which negatively impacts students and particularly those from poorer backgrounds. We are seeking to purchase a large property and are particularly looking at opportunities presented by the closures of guest houses within the city, as well as buildings already registered as HMOs, to avoid putting pressure on existing housing stock.

The project will be funded through a combination of mortgage lending from Ecology Building Society, community share investment and own contributions from both BHCLT and SEASALT. We aim to pay investors an interest rate of 3% annually, with interest starting to accrue from January 2021.

The share offer is being managed via the Ethex platform. We have promoted the offer already to our existing members, holding a launch in late February 2020, followed up by regular communications. We are seeking to secure support from the Booster Programme for Community Shares and will be approaching a wider audience of individuals as well as societies in the region who might wish to either promote the offer or to invest themselves.

Our long-term aim is to mobilise investment and funding to support a range of community-led housing projects across the city.

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The scope and purpose of this business plan

The scope and purpose of this business plan is to support BHCLT's first share offer, initially running until 31st October 2020 but extended until 31st December 2020. We are seeking to raise £260,000 in community share investment to enable BHCLT to purchase our first property. We will lease this to SEASALT, a student housing co-operative that brings together young people from the two universities in the city. SEASALT are the first student housing co-operative in the south-east. They want to develop alternatives to student housing choices in the city, with students currently one of the most likely groups to be treated poorly by private landlords, due to their age and inexperience.

Buying our first property is our first and most immediate target. It will also enable us to generate reserves that we can invest into future projects to continue to grow community-led housing and to meet the needs of different groups in Brighton & Hove. As we start to establish an asset base, and bring successful projects to fruition, we will be able to use these successes to generate additional finances. We want to show that housing can be done differently and can be better suited to the need of people, communities and the planet, than to making profit.

Our target community

Our primary target community is people in Brighton & Hove who need more affordable and secure homes. We know that this is most people who live in the city. We work to support different groups across the city to come together and to develop solutions to their shared housing needs. This could be about living together in different ways, building communities to support each other as members grow older, creating secure, decent homes for groups who struggle to find them, or about living more sustainably.

We also know that there are many more people in Brighton & Hove who recognise that the housing market is failing people and want to play a part in creating community led solutions. Cognate organisations such as Brighton Energy Co-operative and Brighton and Hove Energy Co-operative have over 500 members between them, testifying to the existence of a population with the values to support innovative co-operative and community-led approaches and the levels of wealth that enable them to support these enterprises with significant capital.

We believe there are many people in our city who acknowledge the impact on fellow citizens – and on the city as a whole – of increasing number of people in Brighton & Hove finding it difficult to afford a decent home to buy or rent. We know that there are people who have capital who would like to use it to make housing fairer for more people. These individuals are the main target for our investment campaign, along with institutions who are aligned with our long-term goals in the city and further afield.

We aim to build relationships with individuals, groups and organisations working across the Brighton & Hove, and the country more generally, who can see that the housing market is failing the majority of people and are working to create positive change.

BHCLT has been growing our membership which currently stands at just over 400 members. We hold monthly meet-ups and events to involve these members in shaping the direction of our movement. Over 100 people attended the launch of our share offer event in February 2020, and we plan to host a series of online events and podcasts inviting people to find out more about the share offer and get involved. We will also use our network of active groups to further spread the word about the share offer amongst their members and supporters.

Our aims, vision, and values

Our purpose

Brighton and Hove Community Land Trust is a Community Benefit Society, registered with the Financial Conduct Authority, to further, in a sustainable manner, the social, economic and environmental interests of people who live and work, in the Brighton and Hove area by:

- Acquiring, developing and stewarding land and other assets;
- Promoting community-led initiatives, such as housing, community facilities, workspaces, renewable energy and sustainable land management projects.

BHCLT acts as an umbrella CLT for the city of Brighton & Hove. Our role is to build the foundations and networks that enable local people to work together and take their community-led ideas and solutions forward. This can involve us both in creating housing ourselves and in supporting groups to do the same.

Our vision

Our vision is of a city where all current and future residents, regardless of their income, have affordable and secure housing; where the people of the city have homes that reflect their diversity and creativity. In this vision, local people have control and genuine choice in how they live, and the city makes the best of the resources it has.

We support initiatives leading to:

- fairer access to stable and secure housing that enables well-being and is genuinely affordable in perpetuity;
- vibrant and diverse neighbourhoods that play a positive role in their local and wider communities;
- positive contributions to the environment, and low carbon solutions that limit our impact on the planet;
- creative innovation for different ways of living, working, and playing together sustainably for the 21st century.

Our mission

We are a grassroots movement enabling, and campaigning for, community-led development in Brighton & Hove, led by our large and diverse membership of local people and accountable to them and the wider community.

How we do it

Self-help and mutual aid - We believe that people in communities have the power, knowledge and experience to collaborate with each other and make positive change happen. Through mutual care we contribute to individual and collective well-being.

Local focus - We promote the local economy and the satisfaction of local needs, at the same time as supporting a vibrant urban life that is open and welcoming to others.

Artistic expression - We encourage celebration, fun and cultural expression, and promote them in the processes and the place-making we support.

Learning by doing - Everything we do is a learning experience, for individuals, groups and wider communities. We think it is important to reflect on our action, and ensure our learning is captured and shared.

About us

Our track record

Brighton & Hove Community Land Trust (BHCLT) was set up in 2014 and developed throughout 2016 and 2017 through a series of community engagement workshops with grassroots community groups actively involved in land and housing issues in the city. This work was supplemented through interviews with key players within the institutional housing sector, including local councillors with roles in Housing and Brighton & Hove City Council (BHCC) Housing Officers. It was registered as a Community Benefit Society in March 2017.

In October 2017 we received a significant grant of £464,000 to develop a programme of capacity building in community led housing in the city (Community Led Housing Programme – CLHP), from Brighton & Hove City Council, using funds from the Community Housing Fund of the UK Department for Communities and Local Government (now Ministry of Housing, Communities and Local Government).

Through the CLHP we increased awareness of the potential for community-led housing, supported groups to develop their projects including small grants to pay for incorporation or pre-development costs, helped with land and property finding, and led a comprehensive and nationally recognised action learning programme in the city.

In September 2019 we received funding from the Community-Led Homes Enabler Programme (funded by Ministry of Housing, Communities and Local Government's Community Housing Fund) of £150,000 to host and run the Brighton & Hove Community-led Housing Hub for 18 months. The Hub operates to enable and support community-led housing groups to progress their schemes, to raise awareness about community-led housing approaches, to facilitate knowledge exchange and mutual support and to build the movement for community-led housing. Through this programme we supported over 15 local groups to progress their projects and schemes, including supporting 4 groups to be successful in bidding to the Community Housing Fund, securing £492,000 to develop their projects.

We have worked in partnership with Brighton & Hove City Council who have pledged to identify 10 sites in the city suitable for community-led housing includes a promise, within the first six months of taking control of the council, to identify 10 sites in the city suitable for community-led housing and to work with community groups to help enable them.

This is our first attempt to raise investment to support BHCLT's first capital project.

The Society

BHCLT was formally registered with the FCA as a multi-stakeholder Community Benefit Society in March 2017 (Community Benefit Society no. 7502). Our rules are based on Wrigley's Community Benefit Society model rules. As a Community Benefit Society, we decided to adopt this form in order for our membership to be open to the wider community of Brighton & Hove (and beyond). Community Benefit Societies are able to raise Community Share funding and to repay it with interest. In addition, the owning of any land or assets cannot be sold or developed except in a manner which the Society approves as being of benefit to the people who live and/or work in the area of benefit, and the membership cannot alter this rule.

We have no wholly or majority owned subsidiaries, sub-contracting arrangements, joint venture or significant shareholdings in other legal entities.

Membership

BHCLT currently has 400 members. Successful applicants become members on the payment of a single one-pound share

We have three classes of members as follows:

Resident: Anyone living or working in the Brighton and Hove area who wishes to support our aims or who wants to apply to live in our housing.

Community: Anyone living or working in the Brighton & Hove area who wishes to support our aims

Stakeholder/Organisation: Other individuals or organisations wishing to make a particular contribution to the CLT.

Members receive regular newsletters updating them of our activities. We hold monthly meet-ups where people can participate to shape our strategy for action around housing in the city and regular training opportunities. Members are invited to be involved in a variety of different ways within the organisation – from volunteering to help support at events, community organising, being our eyes and ears to help identify land and property opportunities around the city; voting at the AGM and regular general meetings; standing for election to the board.

Our governance

There are currently five Directors on the board of BHCLT, who all have personal connections to the issue of housing within the city and who bring a wealth of knowledge, experience and commitment to the work of the organisation

Martyn Holmes: Martyn is a Brighton resident, founding member of Bunker Housing Co-op, academic, community-led housing developer/enabler and housing activist. He believes that after several decades of growing inequality and democratic decline we have reached a fundamental turning point where community is the key issue. As part of positive social change, the people should be at the heart of any decision-making process about our city, where communities and groups can, with guidance and support, build the housing and community spaces that they need and want.

Janet Crome has extensive experience in social housing development as a founding partner in a specialist consultancy practice working for Housing Associations in London and the South East. Her fundamental ambition is to provide genuinely affordable housing for a wide range of different groups of people in Brighton.

Jonny Anstead: Jonny is founding Director of TOWN, a housing developer delivering high-quality, sustainable housing and custom build homes. TOWN was the developer partner of Marmalade Lane, a 42-home cohousing project in Cambridge, planned and delivered in collaboration with K1 Cohousing resident group. Jonny's professional life is geared towards providing a better form of new housing than that offered by the volume housebuilders who dominate housing delivery in the UK. He believes that new homes should respond to the needs of their residents and be delivered in ways that improve the areas where they are located.

Peter Clarke: A founding Director of BHCLT, and of South Down Eco Housing Co-operative, Peter is also the BHCLT treasurer. Peter has experience in building and architecture, community development, administration of grant-funded and community-led programmes. Peter believes that community led approaches can provide the effective housing solutions which neither state nor market have offered. Affordable housing is important for itself, but also as an issue to challenge what neo-liberalism has done to our world. We have an opportunity to show how different (and beautiful) our housing (and planning) would be, if communities were enabled to engage creatively with their own real-life problems.

Rita Garner: Rita joined BHCLT in the summer of 2017. She has lived and worked in the city since 1986 as a pharmacist and then manager of a wide range of health and social care organisations. She also works as part of the Recess College with individuals and small groups on personal growth and leadership. She works with local community organisations as a volunteer. Rita wants to ensure that we are a member-led organisation and to give energy to making community-led housing a real option for more people.

Our Staff

BHCLT currently have a team of 4 part-time contractors and 5 ad-hoc enablers who work to support and enable community-led housing groups to get their projects up-and-running. This team is currently funded from different sources of grant funding, including our main Hub funding. Into the future, we plan to finance this work from a combination of grant funding, fees from services to groups and our solidarity contribution (see Finances section). All projects that we develop include contributions to CLT costs and towards the ongoing management of the property, although the structure we have set up, with shared responsibility between the CLT and the community-led housing group, means that these costs are minimal.

The process of buying and managing the property is being led by Nicola Thomas, our land and property enabler, who is also a qualified architect, with support from Helen Bartlett in financial planning. The project has Janet Crome as a lead director and progress and major decisions are fed back to our main board structure.

Conflicts of interest

We have a conflict of interest policy and process that allow us to identify and address any potential conflicts of interest that may compromise the independence of the society. We recognise that conflicts of interests inevitably crop up within organisations and we discuss these openly and proactively in order that we manage any conflicts properly and before they become a problem. It is the responsibility of everyone to protect the integrity and reputation of BHCLT and is therefore the responsibility of everyone to point out potential conflicts of interest. It is the role of the Board to assess the risk in each situation and decide whether or not a particular situation constitutes a conflict of interest.

We keep a register of interests that we update annually. Each meeting has an agenda slot for conflicts of interest and disclosures and discussions are noted in the minutes. Any decision-making body of the BHCLT can refer a decision to the BHCLT Board of Directors if they so wish. If a permanent conflict of interest is identified the Board of Directors will discuss an appropriate course of action.

The Project

We are planning to buy a large property to lease for shared living. As well as looking for houses already designated as HMOs, we have identified local opportunities created by the closure of local care homes and guest houses in the city. The demand for this type of property creates the best chance we had of securing a purchase in a highly competitive local property market. In addition, the conversion of family homes into buy-to-let properties for students is one of the tensions in the Brighton & Hove housing market, putting pressure on often the poorer communities. We therefore wanted to seek alternatives. Early on in the project we identified that there were a high number of guesthouses on the market, that were taking a long time to sell. Initial calculations demonstrated that these guesthouses could meet our affordability criteria.

We have already been through the process of applying for planning permission on one property, the sale of which fell through in its latter stages. This has underscored how we need to have the funds to pay the deposit in place in order to be able to move quickly and secure an offer with owners of potential properties.

BHCLT will buy a property, using a combination of grant finance, mortgage and community share contribution. We will lease the property to SEASALT housing co-operative. Income from the lease will be used to cover our running costs and to pay the interest on the share capital invested through this share offer.

Most importantly, we plan to build reserves that we can then invest in future community-led housing projects across Brighton & Hove.

Property ownership and lease

BHCLT will be the owner of the property with SEASALT taking on an initial lease of 7 years, with a commitment to extension. The lease clarifies who is responsible for what and timeframes, with the day to day management of the home, the internal (non-structural) repairs and internal maintenance being undertaken by SEASALT. BHCLT will continue to offer further advice and support where necessary. This framework helps us to deliver BHCLT commitment to long-term community benefit. BHCLT's asset lock is a guarantee of this benefit in perpetuity, and a safeguard against capture by future members. It allows us to make available accumulated assets to support future projects, rather than becoming dispersed in ever lower rents.

Vision and objectives

Our shared vision is a student led initiative for affordable housing, democratic living and long-term sustainability.

The objective of this project is to deliver an innovative model of housing for students that need affordable rents (average £105 per week): a student housing cooperative, that combines developing a strong community and life skills for members with providing good quality accommodation.

BHCLT intends to:

- Provide high quality Student Housing
- Prioritise energy efficiency and environmental sustainability in the design of the homes
- Keep rents genuinely affordable
- Create a vibrant community of knowledge and skill sharing.

SEASALT will:

- Educate co-op members, the wider student body and the community about Co-operatives and Community-Led Housing solutions

- Work closely with co-operatives across Brighton & Hove

SEASALT will follow the 7 co-operative principles:

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Co-operation amongst co-operatives
- Concern for community.

BHCLT and SEASALT will ensure housing solutions and ways of living that are highly sustainable and bring benefits for future generations.

About SEASALT Housing Co-operative

SEASALT Housing Co-operative is established as a fully mutual, not for profit co-operative to develop housing solutions for students in Brighton & Hove. SEASALT Housing Co-operative Limited was officially founded in 2016 in response to sabbatical officers' manifestos; Lyndsay Burtonshaw (2016 - 2017) and Aisling Murray (2017 - 2019) Society and Citizenship Officers (University of Sussex Students' Union). Both officers recognised that student led housing co-operatives offer an empowering solution to expensive and poor- quality accommodation that students face.

An information event was held in February 2018 at Sussex Students' Union open to any student interested in finding out more about student led housing cooperatives and joining the working group. Chris Jarrold, one of the former members of Birmingham Student Housing Co-operative, the first student led housing co-operative in the UK, joined the event. Inspired by this unique opportunity to shape the future of student housing, a committed group of volunteers started meeting on a weekly basis.

The group applied for a grant through Brighton and Hove Community Land Trust (BHCLT) as part of their community led housing programme and were able to employ their first staff member, Lisa Hartley in March 2018 on a part time basis to support the group (funded till March 2020).

SEASALT were then successful in securing a £40k pre-development grant for capacity building through the government's national community led homes funding, and £10k match funding through University of Sussex.

SEASALT Housing Co-operative members have run stalls raising awareness of the project at over 10 events including Enterprise with Meaning, University of Sussex and University of Brighton Housing Fairs as well as getting national coverage for example at the Co-op Party Education weekend in Leicester. 14 founding members have undertaken over 200 hours of training including group decision making, how to set up a housing co-op, understanding the planning process, finding land and property, 2 day community organiser training, meeting facilitation, crowdfunding and financial literacy training.

SEASALT is a member of Co-ops UK and is supported by the University of Sussex Students Union and a member of Students for Co-operation, the growing network of UK student Co-operatives aiming to provide mutual aid in co-op creation, development and education.

All co-op members are tenants or prospective tenants and all tenants are members of the co-op. Membership of the coop is open to all individuals who meet SEASALT's criteria for membership and allocations policy. All members are required to complete an agreed application process and SEASALT carry out equal opportunities monitoring. All prospective members contribute a £2 per month direct debit to demonstrate commitment and cover basic administration costs.

Local Campaigns

SEASALT have built up a strong reputation locally. The group are raising awareness of the project using various methods such as awareness-raising events, social media, monthly blog posts, flyering and video promotion. The Society and Citizenship Officer in the core working group has run two successful campaigns to be elected and is drawing on those campaigns as well as her success co-founding Brighton Acorn Tenants Union. The group have run successful recruitment stalls at both University of Sussex and University of Brighton Fresher's & Housing Fairs. They have been on the panel at Rent Smart, Mutual Aid in Sussex and Radical Futures Housing Forum. Following the success of their funding they received local and national press coverage. They have received support from by Caroline Lucas, Green MP Brighton Pavilion:

"Hearing more about SEASALT is so inspiring. They are leading the way tackling a really huge problem of exorbitant rents, unresponsive landlords and poor-quality student housing at the source. I am really

proud that the first student led housing cooperative in the South East will be in Brighton. I hope its profile will increase so more students take the initiative to set up housing co-operatives around the country. "

Who else is supporting this project?

1. University of Sussex Students' Union
2. Sussex Student Lettings
3. University of Sussex
4. Students for Co-operation
5. Co-ops UK, *Student Co-op Homes*
6. Birmingham Student Housing Co-operative
7. Edinburgh Student Housing Co-operative
8. Sheffield Student Housing Co-operative
9. CHIBAH (Co-operative Housing in Brighton & Hove)

Context of need – Housing and Student Housing in Brighton and Hove

Brighton is a compact city with significant housing challenges. There are many groups of people in housing need in Brighton and Hove who earn low incomes and will never be able to afford to buy nor qualify for social housing, and struggle to pay private market rents (BHCC 2015; Fairness Commission Brighton and Hove, 2016). There is a severe shortage of land for housing development (Hearn 2012). Some are motivated to help themselves to solve their own housing problems. Examples are buy & renovate housing co-operatives like Out of Town Housing Co-operative, or self-build groups like Bunker & Starlings Housing Co-operatives. There are also mixed-model Cohousing groups like OWLs (Older Wiser Lesbians) and Sussex Cohousing, which have within their membership people/households in housing need who are interested in truly affordable rental or ownership.

The city has two universities (Sussex & Brighton) which help to create a vibrant city community. The student population is constituted of many individuals on low incomes who struggle to pay private market rents that have increased 10 times faster than wages in Brighton & Hove.

The Issues with Current Student Housing

There are 32,294 full time students aged 16 or over in the city, 14.1% of all residents, which is significantly higher than the 8.2% average across England (Census 2011). Demand on current housing stock is leaving many students in houses not fit for purpose. Access to the private rental market is very competitive and students often feel pressured to accept poor quality housing as they fear they will miss out. The poor condition of housing is the number one reason properties are rejected in property searches.¹ The lack of awareness around tenants' rights puts students in a vulnerable position with mould, collapsing ceilings, hospital visits due to poor housing and other stories sadly all too common. Where issues are reported, many landlords fail to respond in a timely fashion and there is a widespread lack of accountability across the housing market in the city.

Unlike many university towns and cities, Freshers in Brighton are not guaranteed accommodation in halls. Between 2015 - 2017 over 500 students ended up sofa-surfing or being put up in hotels until they could find adequate accommodation. International students often struggle to find guarantors as they do not have a UK homeowner as parent or guardian. The University can act as a guarantor, but this is limited to only 20 students.² Sussex Student Lettings are a non-profit agency run by Sussex Students' Union. They do not charge fees and are the recommended estate agent for Sussex students. Sussex Student Lettings are consistently voted number one by students. However, as a small social enterprise the demand far outstrips the supply.³

Cost of Student Accommodation

University of Sussex students are advised to budget anywhere between £433 to £1040 per month without bills⁴. On top of this students can find themselves paying hundreds of pounds just to guarantee themselves a room. There is no consistency of agency fees across the city.

The Rate your Landlord survey (2014) highlights some of the additional costs of expensive accommodation; *"52% feel uncomfortably cold in their current accommodation with 76% reporting that they limit the length of time they have the heating on in order to save money on energy bills."*

¹ <https://www.sussex.ac.uk/webteam/gateway/file.php?name=rate-your-landlord-report-2014.pdf> p18

² <http://www.sussex.ac.uk/internal/housing/students/rentguarantor>

³ <https://www.sussex.ac.uk/webteam/gateway/file.php?name=rate-your-landlord-report-2014.pdf&site=327>

⁴ <http://www.sussex.ac.uk/study/fees-funding/living-costs>

High rents can affect student mental health/ stress levels as many struggle with affordability and the increased pressure to undertake additional part time work. The National Student Accommodation Survey 2018 showed that *'nationally, 44% of students struggle to keep up with the rent. Most worryingly, 45% say the cost of accommodation impacts **mental health**, while 31% find their **studies are affected too**.*⁵ The South East is one of the most expensive places in the UK outside London to be a student, so these figures are likely to be even higher.

Impact of HMO Licensing

Between 2000 – 2010, student numbers in Brighton & Hove increased by 10,000. The shortage in housing stock has led to a loss of family housing through growth in HMO's (professionals, students, those on housing benefit).⁶ HMO licensing can also create tension between local long-term residents and transient student groups. Ongoing university expansion is fuelling HMO growth in concentrated areas and its associated problems of noise nuisance, refuse and recycling and end of tenancy fly-tipping. Students typically move every year and as most private rental properties come unfurnished and students are required to move all their belongings out. For students who don't have anywhere to store items over the summer they have to get rid of them (which can lead to problems of fly-tipping) or pay for expensive storage. This particularly affects international students who don't have the luxury of home storage.

Future Developments

The new build at East Slope on University of Sussex Falmer campus replaces the old 1970s block and will provide accommodation for 1400 beds but requires knocking down 600 of the most affordable beds on campus. The new *'Student Village'* development (due for completion 2020) at £156.65 per week self-catered (£678 per month)⁷ is not providing affordable accommodation for students and is even more expensive than the private rental market. In the Rate your Landlord survey (2014) most respondents (60%) indicated that they would have preferred not to stay in university-managed halls even if they had been given the choice to, the main reasons being cost and location.⁸ There is also currently much new Purpose-Built Student Accommodation being constructed around the city, but with rents of up to £256 per week, these are again targeting a very specific sector of the student population. Students from lower-income backgrounds are priced out of the city.

⁵ www.savesthestudent.org/accommodation/national-student-accommodation-survey-2018.html#rent-costs

⁶ Private Rental Sector and University Growth. Strategic Housing Report 2017

⁷ <http://www.sussex.ac.uk/study/accommodation/on-campus>

⁸ <https://www.sussex.ac.uk/webteam/gateway/file.php?name=rate-your-landlord-report-2014.pdf> p48

Responding to need - Student-led Housing Co-operatives

This project to develop a student-led housing cooperative responds to these needs. There is clear demand for alternative housing provision as demonstrated in reports such as The Fairness Commission 2015⁹ which highlights the growing inequality across the city. The report identifies ‘a need for regulating the buy to let market for students along with a recommendation to work with Brighton & Hove City Council to develop an integrated accommodation and transport strategy that will allow 100% of purpose-built accommodation for all first-year students in the city.’(p23). However, it does not address provision for subsequent years at university or the lack of affordability of PBSA’s (purpose-built student accommodation). In the Housing Strategy 2015 for the city, BHCC highlights ‘a need for a wider range of affordable accommodation options for students to take pressure off the existing housing stock.’¹⁰ Housing Cooperatives are ‘nationally recognised as a strategic part of the solution to the housing crisis.’¹¹ Brighton & Hove City Council (BHCC) has made a commitment in both the City Plan (2016)¹² and in its 2015 housing strategy¹³ to support the development of co-operative housing.

Student-led co-operatives are about developing independence, living and citizenship skills amongst students, and challenge the negative stereotypes of students. They have potential to demonstrate how students can manage their properties responsibly and make decisions which best meet the needs of their members and the local community, as well as offer students a stable home for the duration of their university course. By investing in long-term sustainable solutions students are empowered to solve their own housing needs. The project will establish a precedent in the city for better quality and more affordable student housing, helping to reduce pressure on family housing. It will demonstrate the funding mechanisms that can contribute to lower rents and more secure housing.

This first student housing co-op in Brighton & Hove will serve as a pilot for wider community-led housing. Graduates of the first student housing co-op in Birmingham have gone on to set up their own housing co-op using their experience. The student housing cooperative could accommodate students for 3 years with graduates able to stay for one additional year to ensure skills and knowledge are transferred. This is also a year when students can spend more time on community projects.

The Sussex Student Community Organisers 2018 project in the Lewes Road triangle area demonstrated that residents (students and non-students) want to get to know their neighbours better and improve conditions. The benefits of a longer tenancy are evident across the student housing co-ops and include reducing waste (items are shared communally; furniture stays with the property) and knowledge sharing between student residents and the local community. It will also improve community cohesion as tenants have time to get to know their neighbours and can undertake longer term projects such as garden maintenance which are often overlooked when students do not own the property and move every year.

⁹ <https://www.brighton-hove.gov.uk/sites/brighton-hove.gov.uk/files/Report%20-%20Fairness%20Commission.pdf>

¹⁰ p19 <https://www.brighton-hove.gov.uk/sites/brighton-hove.gov.uk/files/Housing%20Strategy%202015%20%28FULL%20COUNCIL%20FINAL%29.pdf>

¹¹ Bringing Democracy Home 2015 . <http://www.cch.coop/wp-content/uploads/2015/07/bdh-commission-report-exec-summary.pdf>

¹² BHCC (2016) Brighton & Hove City Plan One, Brighton & Hove City Council’s Development Plan. <https://www.brighton-hove.gov.uk/sites/brighton-hove.gov.uk/files/FINAL%20version%20cityplan%20March%202016compreswith%20forward.pdf> p.116

¹³ BHCC (2015) Housing Strategy 2015, [https://www.brighton-hove.gov.uk/sites/brighton-hove.gov.uk/files/Housing%20Strategy%202015%20\(FULL%20COUNCIL%20FINAL\).pdf](https://www.brighton-hove.gov.uk/sites/brighton-hove.gov.uk/files/Housing%20Strategy%202015%20(FULL%20COUNCIL%20FINAL).pdf)

With co-operative members working together and having a direct stake in how the co-op is run, the added value for members and for the community is well documented. It has become known as the 'Co-operative Advantage'¹⁴, with studies showing that sharing ownership by working cooperatively boosts productivity, innovation and entrepreneurship¹⁵.

The *Independent Commission for Co-operative and Mutual Housing* demonstrates that co-operative housing consistently delivers long term sustainable benefits. Co-operative and mutual housing organisations set up in neighbourhoods affected by a lack of trust and lack of community, are starting to transform them, and help residents feel they are part of something. (Bliss, ed. 2015)

Precedents for successful Student Housing Cooperatives

North America - Student housing cooperatives were first established in America and have been operating since the Great Depression, in the 1930s. They are popular and have spread across North America often providing the 'only way students can afford college', and they are a vital part of campus life. Popularity grew in the 1970s when the North American Students of Co-operation (NASCO) was established. Organised into a national body, NASCO work together to develop new co-ops and provide support to current co-ops. More info at: www.nasco.coop. The proven model and success of North American student housing co-ops inspired the setting up of the UK version, Students for Co-operation, <http://www.students.coop>.

Europe & UK - On average, 10% of the European population live in housing co-ops. This is a well-established sector with a long history of providing good quality housing at lower than market rates. This is a proven business model that works well.

In the UK, approximately 0.6% of the UK population live in housing co-ops, significantly less than in mainland Europe. Several recent reports (including Bliss ed. 2015) have highlighted the benefits of co-operative housing. Co-ops have the highest resident satisfaction rates of any housing type.

In 2018 Students for Co-operation in partnership with Co-ops UK¹⁶ set up a National Body to support the development of Student Housing Co-ops, 'Student Co-op Homes'. *Student Co-op Homes* plans to increase national capacity of student housing co-ops from 150 to 1000 beds within the next five years. Ownership gives people control over things that matter to them. There are now 3 fully operational student led housing co-ops in the UK: Birmingham, who set up the first student housing co-op in 2014; Edinburgh Housing Co-operative who successfully manage a 106-bed student led housing co-op; and most recently Sheffield. There is increasingly demand from other cities, with Nottingham and Glasgow also having student-led co-op groups. The SEASALT core group have visited Birmingham & Edinburgh to learn from their experiences.

¹⁴ <https://www.uk.coop/coopadvantage>

¹⁵ The Co-operative Economy, 2017 <http://reports.uk.coop/economy2017/>

¹⁶ Creating a National Body for Student Housing Cooperatives. <http://www.students.coop/creating-a-national-body-of-student-housing-co-operatives>

Project finances

Our financial model for this project is based around securing up to an 80% loan-to-value mortgage from Ecology Building Society. The additional 20% we plan to raise through community share investment. Pre-development costs have been covered by grant funding secured by SEASALT from the Community Housing Fund and in-kind contribution from BHCLT. Each organisation has also committed £10,000 to support the project cash-flow, especially in the first years of its operation.

We have based our projections around a property that we are negotiating with the owner. If this property is not successful, we will look for alternative options that meet the same terms and conditions, specifically around ongoing costs, rents chargeable and terms to investors.

Sources of funding

Long-term borrowing: Ecology Building Society are very supportive of the project. Subject to valuation and required works on a property they are prepared to offer a mortgage based on:

- A loan-to-value of up to 80% in total (with a minimum rental income to mortgage costs at a ratio of circa 115%)
- The mortgage spread over 40 years in total with opportunities to renegotiate within this
- An interest-only payment period of up to 1 year, to allow time for renovations and any delays to students moving in.
- An initial offer rate of 4%, stress-tested over the first 10 years with incremental rises to 7%.

We commissioned a valuation which stated that a 10 bed, previously of guest house use but with a change of use to Sui Generis HMO, applying a yield of 8.5% to the market rent indicates a property value of £775,000. Our calculations of the mortgage securable on a 10-bed property is therefore based around this value. While this is the value of the property according to the planning (and as resale security for our borrowing), our income will be based around affordable rather than market rents.

Community shares: Our minimum and optimum target raise is set at £260,000, as the amount we will require to secure a mortgage on a property and to carry out initial renovation and energy efficiency measures, following the main long-term borrowing from Ecology Building Society. We have based this figure on our experiences with properties to date. Our maximum raise is set at £385,000. If we achieve maximum amount, we will be able to fund a higher percentage of the project cost at the lower interest rate of community shares. This will generate a stronger cash balance which we will use to support our next project when it is funding ready. It will also give us the capacity for increased loan borrowing at a later date, meaning that we are always able to recycle the lower-interest, long-term capital from community shares into projects at earlier stages.

Our figures are modelled around being able to pay our investors 3% interest. Interest will start to accrue from January 2021. 5% of share withdrawal annually is projected from Yr. 3 of the project.

Cash contribution from BHCLT and SEASALT: Both BHCLT and SEASALT have committed £10,000 to the project outside of other funding contributions. For BHCLT, this funding is ring-fenced from our reserves, and for SEASALT it was received in the form of match funding from the University of Sussex. This money is intended to support the cash flow of the project and to deal with any unforeseen expenditure.

Costs of project

Pre-development costs

Pre-development costs were spent and committed as follows from a combination of funding sources:

- Brighton & Hove Community Land Trust's Community Led Housing Programme group support grants
- Homes England Community Housing Fund
- BHCLT own contribution
- Matching funding (Sussex university)

Expenditure	CLHP	CHF	BHCLT	Match
Project Manager (SEASALT)	7,400	23,000		
Training	230	888		
Incorporation fees	890			
Marketing – materials and events	604	713		
Meeting room hire	520			650
BHCLT enablers support	2100	4361	5836	
Sustainability Report	330			
Architect time	350			
Planning consultant	720	482		
Community engagement	700			
Legal fees		2500		
Building Survey + valuation		2520		
Sussex Student Union support		4290		
Total expenditure	13,844	36,234	5836	650

All outstanding pre-development costs are detailed and included within our project forecasts and cashflow.

Property costs

Our property costs, including initial renovation works are modelled at £820,000. A property of this price will have stamp duty payable of approx. £50,000. In addition we have approx. £12,000 outstanding on fees including legal fees, mortgage costs and stamp duty on the lease.

Ongoing project costs

Rental income - Setting the rents -The rents were agreed with SEASALT and from an analysis of the student housing market in Brighton and Hove. Weekly rents are projected at £105 per person.

University of Sussex students are advised to budget anywhere between £433 to £1040 per month without bills. Taking the average of this, the corresponding weekly rents are £169.90. Our proposed rents are 61.8% of this.

The new student village at East Slope Falmer will provide self-catered, shared accommodation at £156.65 per week. Proposed SEASALT rents are 33% lower than a space in this development.

A more specific analysis of relevant larger properties in Brighton & Hove on <https://sturents.com/> brought up 30 properties of 8+ bedrooms. 4 of these properties were priced at a lower than on equivalent to our proposed rents. The average weekly rental price compared across these properties was £131.65. Our proposed rents are equivalent to 79.8% of this.

While this fits to the government definition of “affordable”, as set at 80% of market value, we recognise that this is still quite high (the Local Housing Allowance, for example, while not accessible to students, has just risen in this financial year from £82.66 to £98.96), and furthermore is predicated on rises and falls in the market. Our aim is for rents that are genuinely affordable and based on incomes. We are unable to achieve lower rents with property prices as they stand at the moment. Our model contains relatively high allowances for voids and for maintenance costs. We want to ensure that the property is well-maintained and the project well-run and ensure we have allowed enough contingency. After the initial years, if turnover of tenants is low and well-managed, as planned, we will be able to reassess rent levels and decide if they are as we would want them

In addition, the refurbishment works we plan to do when we purchase the property will focus on improving energy efficiency, resulting in a decrease in bills payable. The budget allocated to SEASALT will allow them to purchase and share household items and essentials, reducing costs in this area.

Managing the property: Ongoing costs for managing the property have been decided in partnership with SEASALT and drawing from our organisational knowledge of setting up and running housing co-operatives. They include:

Voids - 8% of rental income budgeted as allowance for voids. Normally void allowance would be set at approx. 5%. We have allocated additional budget to allow for potentially higher turnover of member from the student population. If this is managed well by SEASALT, and they achieve lower levels of voids, they will be able to re-invest the funding generated into the future development of their project.

Repairs and maintenance – We have allocated an overall budget of £6,000 for repairs and maintenance, with an additional £6,000 budgeted every five years for emergency repairs. This budget will be distributed between BHCLT and SEASALT according to the responsibilities outlined on the lease and associated long-term costs. Again, working from our experience and knowledge of similar schemes, we consider this a generous budget. We have set it high because of the nature of the type of buildings we are looking at (often old, seafront buildings, located in conservation areas) and because we are committed to achieving high quality buildings for the people who live in them.

House insurance - £1,000 per annum

Contribution towards CLT overheads at 5% of rental income.

SEASALT admin and other running costs - £1,000 per annum

5 Year Headline figures and project timeline

The following tables show the overall project cost for the first five years, including both BHCLT and SEASALT expenditure. The first table projects the project costs at our minimum and optimum share offer raise. The second is at our maximum share offer raise. Any higher than this amount and we are unable to sustain our commitment to withdrawal levels during the first years of the project. At our maximum raise, the cash balance is higher due to lower interest payments, but crucial we have flexibility to increase our mortgage lending on the project at a later date, providing us with funds to invest in our next project when it is capital-ready.

Our overall BHCLT financial projections and cash flow position show the income to BHCLT through the lease and the expenditure that falls within our field of responsibility. It also models the projected 5% annual withdrawal of community shares.

Years 1-5 headline figures minimum/optimum share offer raise

YEAR	1	2	3	4	5
Income					
Mortgage	620,000				
Community share offer	260,000				
Contribution BHCLT/SEASALT	20,000				
Rental income	45,218	60,894	61,503	62,118	62,739
Expenditure					
Property purchase and start-up costs	882,800				
Void provision		4,872	4,920	4,969	5,019
Maintenance costs	3,000	6,120	6,242	6,367	12,495
Management costs	5,015	5,115	5,217	5,321	5,428
Mortgage repayment	24,800	31,095	31,095	31,095	31,095
Interest on community shares	7,800	7,800	7,800	7,410	7,040
Surplus/deficit	21,804	5,893	6,228	6,955	1,663
CASH BALANCE	21,804	27,697	33,925	40,880	42,543

Years 1-5 headline figures maximum share offer raise

YEAR	1	2	3	4	5
Income					
Mortgage	495,000				
Community share offer	385,000				
Contribution BHCLT/SEASALT	20,000				
Rental income	45,218	60,894	61,503	62,118	62,739
Expenditure					
Property purchase and start-up costs	882,800				
Void provision		4,872	4,920	4,969	5,019
Maintenance costs	3,000	6,120	6,242	6,367	12,495
Management costs	5,015	5,115	5,217	5,321	5,428
Mortgage repayment	19,800	24,826	24,826	24,826	24,826
Interest on community shares	11,550	11,550	11,550	10,973	10,424
Surplus/deficit	23,054	8,412	8,748	9,662	4,548
CASH BALANCE	23,054	31,466	40,213	49,875	54,423

Project timeline

Our project plan is divided into four areas: pre-acquisition and planning (Inc. community engagement); project finance; lease; property appraisal and planning. We have completed work on the lease and are currently working with SEASALT to finalise their tenancy agreement, rent arrears and allocations policies. We plan to run the community share offer in conjunction with purchasing a suitable property. We have strong support from Ecology Building Society for the project and have shared our initial forecasts and modelling with them. Our previous planning application on a similar property has provided us with strong experience in terms of the planning policy around what we are trying to do, as well as helping us build links with local planning officers. To work with existing student tenancies the date that SEASALT takes occupation of the building needs to correspond with a term start date. Our aim is to purchase a property and hand over to SEASALT to move in end January 2021.

Marketing the Share Offer

The offer will be managed via the Ethex Platform. We have promoted the share offer already to our existing members, holding a launch in late February 2020, which has been followed up with regular communications with them on a monthly basis.

We have secured some press coverage in the Guardian thanks to the efforts of Ethex, who will also promote the offer to their existing userbase of ethically-minded investors in similar projects offering social change and financial returns.

We are seeking to secure support from the Booster Programme for Community Shares, which we believe will be a crucial mechanism for generating momentum in the share issue and confidence that the share offer can reach its target. This becomes s-seven more important in the context of Covid-19, which has created a degree of economic uncertainty and insecurity which makes it less than ideal time to invest.

Conversely, we also know that the lockdown crisis has been a wellspring for sentiments of greater community-mindedness, and a resolution to not revert to the old normal. In this context, we see supporting new approaches to community-led housing as fitting squarely into this sentiment.

Finally, we will be approaching other societies in the region who firstly may wish to promote the offer to their own investor base, but more importantly, may be interested in investing themselves, since our offer is asset-backed, and generates regular returns. This, combined with the liquidity provided by moving to an open offer, will, we hope, make this an investment for existing societies whose successful financial performance may have generated excess cash and low withdrawal rates.

Risks

We have a risks and issues log which we review and update on a regular basis. Our risks and mitigating actions at the time of writing this business plan were as follows:

Community share offer may not raise enough money (risk level high)

This will be BHCLT's first community share offer, and we are running it at a time when COVID-19 makes everything precarious and people are potentially less willing to invest, especially in an initial share offer.

We have already reshaped our share offer in the light of COVID-19, from a much more ambitious, multi-project offer, to an offer that focuses on our first and most immediate project. We have done this based on the advice of partners in the field of investment raising for community-led housing - All actors involved within the CLT and in SEASALT have thought about their own reach to target potential investors.

- We have already secured £50,000 in funding and are applying for the Power to Change Booster programme which provide match funding of up to £100,000.

The project doesn't deliver on time and BHCLT is paying out interest before income is coming in (risk level significant)

- We have experience of how long it takes to bring about these projects, so our project planning is robust. In the development of the project so far, we have gained knowledge and experience and built relationships, that should shorten the time to secure a property in future. If we have already raised the deposit for a property, it will give us more certainty in securing an offer and allow us to focus on the other aspects of the project.
- We have deferred the period from which the share offer will start to accrue interest by 6 months, giving us additional time to deliver on the project. We are only guaranteeing share withdrawals from year 3 to give us more security in the initial development period.

BHCLT issues leases to CH groups living in the scheme but the group does not pay the rent (risk level significant)

We work very closely with the CLH groups who will be living in the homes we are developing. We work collaboratively with the groups when we do our viability and feasibility modelling, so that all costs are known and transparently shared with the group and it is clear how the projects have to cover their costs.

- We use an experienced commercial property solicitor who works with us to ensure we follow best practice and can secure the property if we need to.
- We have allowances for voids and unexpected costs within each project budget.
- We give training to groups in understanding the financial viability of CLH schemes and regular meetings with groups to ensure that they are on schedule to have their group ready to rent and all their systems and processes are in place, including rent arrears policies etc..
- Ultimately, BHCLT is the owner of the property or the land and has the option to sell in the event of the project failing. In a market like Brighton & Hove there is little risk of prices falling.

Impact of coronavirus (risk level significant)

Due to COVID-19, the universities move their teaching online and students a/ don't return to Brighton or b/ the rental market in the city fails so there are many other affordable properties on offer.

SEASALT have a core membership who want to move into the property and have already started a drive for new members. Although statistics show that less people are taking up university places, many people who are currently students consider Brighton their home and still want to live here, even with lectures online. The co-op offers advantages beyond the rents, so we are still confident of finding people who want to live there. We have weekly meetings with SEASALT and this is a recurring item on the agenda.

We have projected zero rental income for the first three months of the project, both to ensure that there is time to complete any necessary renovation works, but also in case there are any issues with recruitment. We see this as a worst-case scenario.

BHCLT is unable to pay back investors as promised (risk level significant)

BHCLT cannot honour the agreements to pay back investors as agreed because:

- a) interest rates rise on our other loans meaning the income from the projects don't fully meet the costs
 - b) unexpected structural costs arise in the buildings that need to be remedied immediately and were not budgeted for
 - c) At the close of the share offer, BHCLT draws down the money raised, but fails to manage the money effectively e.g. uses it to cover other costs that the money wasn't raised for
 - d) The project fails (for whatever reasons) and a mortgage company has first charge on the property or land, so investors come second in the pay back hierarchy
 - e) A big investor asks for their money back early
- In each of our project plans, we have allowed for contingency and stress-tested our assumptions, using a variety of different measures. We are prudent in relation to our project planning, based on historical experience of community-led housing development both in the city and across the UK.
 - We have well-established financial procedures in place to manage our money. All large expenditures are signed off by two directors, who are subject to financial checks on joining the board. Accounts are presented and scrutinised at monthly board meetings. We will establish and maintain separate bank accounts and systems for buying and managing land and property.
 - We will need to secure mortgages and these will take first charge. The property market is such in Brighton that if we must sell assets, we believe we will be able to pay back all our investors. Our balance sheet becomes positive very quickly after buying and leasing land and properties.
 - We have set maximum withdrawal rates at an amount we think we can guarantee. We will consider other requests within specific cash flow contexts but will not guarantee it.

The housing market does change in Brighton & Hove therefore causing a fall in the value of the underlying asset. This could leave investors exposed as they would be at the back of the queue in the event the Society had to close down (risk level significant)

Our work is about securing assets long-term so they provide homes for our community-led housing groups. If the project is unsuccessful with SEASALT, we work with other groups who would like and be in a position to take on an affordable lease. We do not plan on having to sell the asset, however if this does happen, our cash flow position is healthy which will help us to ride out any potential falls in the housing market.

BHCLT as an organisation can't keep pace with the demands of running the project successfully (risk level moderate)

- The Board has 5 current members all of whom commit regular amounts of time to the range of work that needs to keep the organisation functioning as well as delivering projects. There is a recruitment drive underway to bring in more Board members and a strong induction process is in place.
- We have funding in place until 2021, providing a foundation of experienced contractors working for BHCLT to progress CLH projects in the city, supporting the groups to be strong and ready. Some contractors can also offer additional capacity as when needed to support BHCLT project delivery.
- BHCLT has a good track record of volunteer engagement and this is expanding all the time. Even if HUB funding comes to an end, and we do not achieve our plans for self-sustainability, there is both capacity and experience within the organisation to carry out this role. We have also allocated an annual amount within the budget to contribute to this.
- In light of COVID-19 we have altered our approach to focus on this specific project, for the share offer. We anticipate other projects happening at a slower pace, which will help with capacity issues and allow us to focus on raising investments when the projects are ready.

Interest rates rise and risks the viability of our projects (risk level moderate)

- Our financial modelling allows for scenarios where interest rates rise by as much as 3%, a potential scenario that commercial lending organisations that we have worked have advised us is reasonable.

We raise money for this project but aren't successful in raising additional funding for future projects. Our plans for scaling-up therefore don't come to fruition and we are only the landlord of a property for SEASALT (risk level moderate)

- Although it is our vision to develop more projects across the city, and we see our share offer as an initial step to achieving this, were we only to achieve this project, it would not undermine the value of the investment for the investor.

CLT Finances

Annual accounts and financial positions

The annual reports and financial statements for 2017-18 and 2018-19 can be found as an appendix to this business plan, as well as current management accounts for y/e 31st March 2020.

As at the start of the financial year 20-21, we had £132,138 in restricted funding and £75,975 of unrestricted income from services to groups and from previous grants that are now agreed to be unrestricted.

Sources of income

Grant funding

Until 2020 we were dependent entirely on grant funding. To date we have received the following grants:

- £10,000 from the Urban Community Land Trusts Project in 2014, which supported the set-up and development of the CLT in its current form
- £3,000 Brighton & Hove City Council Discretionary Grants to Small Organisations, awarded January 2017.
- A Community Housing Fund grant of £464,500, allocated by Brighton and Hove City Council in October 2017 to support the set-up and delivery of our Community-Led Housing Programme, delivered in partnership with Co-operative Housing in Brighton and Hove (CHIBAH) and Mutual Aid in Sussex (MAIS). On agreement with BHCC, £33,876 of this is now considered unrestricted funding (including £13,959 of recouped costs through the Homes England Community Housing Fund grant funding for the Coldean site)
- £15240 Reach funding from the Social Investment Business (SIB), awarded Feb 2019, to become investment ready
- £3700 from the Community University Partnership Programme to support research and partnership working with the University of Brighton into housing issues in Brighton & Hove
- A small gran from Power to Change to explore setting up an ethical and not-for-profit downsizing support service
- £8708, awarded in April 2019, awarded by Community Organisers to set up a Social Action Hub to support and train 40 local leaders in East Sussex coastal communities to learn about and take part in community organising to effect social change. This project was part of a partnership with Heart of Hastings CLT, who were the lead partner on the funding bid
- £150,000 in September 2019 from the Enabler Hub funding programme, funded by the Ministry of Housing, Communities and Local Government (MHCLG) and delivered by Community Led Homes, a partnership run by four leading community-led housing organisations: Confederation of Co-operative Housing, Locality, National Community Land Trust Network and UK Cohousing.
- In December 2020 we were successful in securing two grants of £100,155 and £155,126 from the Homes England Community Housing Fund towards pre-development costs for a large-scale community-led housing project on a Brighton & Hove City Council owned site in Coldean. This funding had to be committed by March 2020, with a programme of activities leading to a pre-application process for the proposed scheme.

Services to groups and our solidarity contribution

We are funded until March 2021 to run our Community-Led Housing Hub. This provides a foundation of experienced contractors working for BHCLT to progress community-led housing projects in the city, supporting the groups to be strong and ready. A key objective is to make CLH advice and enabling self-sufficient in the city, rather than dependent on grant funding. We have developed methods for

generating a fair and proportionate income from our work to sustain the CLH Hub in the future so that it can provide support to future CLH groups, whilst not risking the fundamental priority of CLH schemes delivering affordable homes. These currently include:

- Charging groups for enabling services once they have been successful in securing funding either through grants or through progressing their schemes via other means
- Our 1% solidarity contribution, payable on completion of a scheme's pre-development or capital completion.

We have a project pipeline of schemes which we update quarterly. This analyses each of our group's projected chance of success, based on current circumstances, and the anticipated income from each scheme. This is represented within our financial projections and sustains most of the support services of the HUB. In 2019-2020, we received a total of £38,475 in contributions from groups. In year 23/24 where there is a projected spike in income, it is when one of our largest schemes is planned for completion.

If we are not successful in our plans to secure this level of income from groups, we will reduce the size and funding of the Hub accordingly. We are able to do this by working with a flexible structure and team of contractors. Our role as a steward of land and property will continue and we are still able to maintain our mortgage repayments, ongoing management and renovation of our properties and repayment terms to investors through the income from leases. These funding streams are kept separate.

Income from leases

As we buy, develop and lease properties, this will be an increasing source of our income. In addition to buying a property for SEASALT we are actively working on our largest project to date, which will be a 45-55 unit scheme, affordable and to high ecological standards, on one of Brighton & Hove urban fringe sites. BHCLT is constantly looking for new projects, that fit our visions and values, that we are able to deliver. However, as all other schemes are still in very early pre-planning and pre-development stages, we have currently only modelled the income from the SEASALT project through our projections.

CLT Financial forecasts

The following tables show our 10-year financial forecasts: cashflow; profit and loss and balance sheet. These are modelled at our optimum target raise of £260,000.

Cashflow

	2020/21	2021/22	2022/23	2023/24	2024/5	2025/6	2026/7	2027/8	2028/9	2029/30
INCOME										
Development Finance										
Community Share Issue	260,000									
Borrowing	620,000									
Support grants										
CHF Hub grant	102,352									
Other grants	27,673			35,000			35,000			
Earned income (from groups)	58,410	55,247	59,610	130,498	69,935	72,033	74,194	76,420	78,712	81,074
Property income	15,073	51,962	52,462	53,015	53,473	53,985	54,502	55,023	55,549	56,079
Membership	100	100	100	100	100	100	100	100	100	100
TOTAL INCOME	1,083,608	107,309	112,172	218,613	123,508	126,118	163,796	131,543	134,361	137,253
EXPENDITURE										
Development Costs										
Acquisition and development	882,800									
Support costs										
Staffing	77,346	73,486	70,599	68,521	67,119	66,283	65,924	65,967	66,352	67,016
Delivery & overheads	24,153	22,102	22,345	22,758	20,261	20,869	20,735	20,746	20,847	21,055
Grant project costs	27,673									
Property management costs										

Maintenance & repairs	750	3,060	3,121	3,199	9,248	3,312	3,379	3,446	3,515	9,585
Management costs	1,004	4,115	4,217	4,321	4,428	4,536	4,647	4,760	4,875	4,993
Finance costs										
Mortgage interest & capital	12,400	31,095	31,095	31,095	31,095	31,095	31,095	31,095	31,095	31,095
Interest on community shares		7,800	7,800	7,410	7,040	6,688	6,353	6,035	5,734	5,447
Share withdrawal			13,000	12,350	11,733	11,146	10,589	10,059	9,556	9,078
Other finance costs	5,200									
TOTAL EXPENDITURE	1,031,326	141,657	152,177	149,654	150,923	143,929	142,721	142,108	141,974	148,269
SURPLUS/DEFICIT	52,282	-34,349	-40,005	68,960	-27,415	-17,810	21,074	-10,565	-7,613	-11,016
CASH BALANCE (75,975 c/f)	128,257	93,908	53,904	122,863	95,448	77,638	98,712	88,147	80,533	69,518

Profit and Loss

	2020/21	2021/22	2022/23	2023/24	2024/5	2025/6	2026/7	2027/8	2028/9	2029/30
INCOME										
Support grants										
CHF Hub grant	102,352									
Other grants	27,673			35,000			35,000			
Earned income (from groups)	58,410	55,247	59,610	130,498	69,935	72,033	74,194	76,420	78,712	81,074
Property income	15,073	51,962	52,462	53,015	53,473	53,985	54,502	55,023	55,549	56,079
Membership	100	100	100	100	100	100	100	100	100	100
TOTAL INCOME	203,608	107,309	112,172	218,613	123,508	126,118	163,796	131,543	134,361	137,253
EXPENDITURE										
Development Costs										
Acquisition and development	62,800									
Support costs										
Staffing	77,346	73,486	70,599	68,521	67,119	66,283	65,924	65,967	66,352	67,016
Delivery & overheads	24,153	22,102	22,345	22,758	20,261	20,869	20,735	20,746	20,847	21,055
Grant project costs	27,673									
Property management costs										
Maintenance & repairs	750	3,060	3,121	3,199	9,248	3,312	3,379	3,446	3,515	9,585
Management costs	1,004	4,115	4,217	4,321	4,428	4,536	4,647	4,760	4,875	4,993
Finance costs										
Mortgage interest	12,400	24,683	24,422	24,150	23,867	23,573	23,266	22,947	22,616	31,095
Interest on community shares		7,800	7,800	7,410	7,040	6,688	6,353	6,035	5,734	5,447
Other finance costs	5,200									
TOTAL EXPENDITURE	211,326	135,246	132,504	130,359	131,963	125,261	124,305	123,902	123,939	130,366

GROSS PROFIT	-7,718	-27,937	-20,332	88,254	-8,455	857	39,491	7,641	10,422	6,887
ACCUMULATED PROFIT	-7,718	-35,655	-55,988	32,267	23,811	24,668	64,159	71,800	82,222	89,110

Balance Sheet

	2020/21	2021/22	2022/23	2023/24	2024/5	2025/6	2026/7	2027/8	2028/9	2029/30
Fixed assets	820,000	820,000	820,000	820,000	820,000	820,000	820,000	820,000	820,000	820,000
Cash in bank	128,257	93,908	53,904	122,863	95,448	77,638	98,712	88,147	80,533	69,518
Liabilities mortgage type loans	620,000	613,589	606,916	599,972	592,744	585,223	577,395	569,247	560,768	551,944
Net worth	328,257	300,320	266,987	342,892	322,704	312,415	341,317	338,899	339,765	337,574
Financed by										
Community shares	260,000	260,000	247,000	234,650	222,918	211,772	201,183	191,124	181,568	172,490
Retained profit	-7,718	-27,937	-20,332	88,254	-8,455	857	39,491	7,641	10,422	6,887
Retained profit B\F	75,975	68,257	40,320	19,987	108,242	99,786	100,643	140,134	147,775	158,197
	328,257	300,320	266,987	342,892	322,704	312,415	341,317	338,899	339,765	337,574

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