Factsheet

Business Planning for Community-Led Housing

Wiltshire Community-Led Housing is an independent support service for organisations who want to learn more about Community-Led Housing in Wiltshire and Swindon.

Delivered by:

COMMUNITY FIRST

Wiltshire Community Land Trust

www.wiltshirecommunityledhousing.org.uk

Wiltshire Community-Led Housing

What and Why?

A Community-Led Housing business plan should provide a summary of the project, taking in to account the associated costs and forecasting income over an extended period of time, eventually paying off loans and generating surplus funds through income from the scheme. Your Business Plan must lead to a robust financial viability assessment (FVA) which will be a key tool upon which project decisions will be based. You will be expected to widely share your FVA with both lender and grant providing organisations having a stake in your project. The FVA is dynamic and will evolve with your project until well after building completion and home occupation.

How?

To begin with you will need to identify broad activities and the smaller elements will be drawn out by the plan. For example, buying a plot of land includes more than just the cost of land. There will be legal fees, survey costs and professional fees among other costs.

Cash flow forecasts, which give consideration to income, overheads, interest and contingencies, will be required to illustrate how loans will be repaid and over what term. Security may be required against a loan, this may be against land and/or working capital. Lender requirements should be considered e.g. appropriate interest, the term of any loan and the repayment structure. There may also be restrictions and events on default imposed by funders to take into account.

Income may be from selling homes, through rent and service charges. The tenure mix of the development will be an important factor in the viability of the scheme in terms of income on completion and to ensure local housing need is met so that voids (with associated loss of income) do not follow. Low-cost home ownership or market sale may be a part of the project contributing to the repayment of working capital. For a development of rental housing, a long-term financial forecast will be even more important. Rental income must be sufficient to cover loan repayments and interest, together with property maintenance and voids.

Example Headings

Please see below for some example headings for a Community-Led Housing business plan:

- Title and contents page
- Summary
- Introduction to the proposal
- Team and organisational structure
- Community engagement and promotion
- The site and scheme
- Financial forecasts
- Risk assessment
- Funding sources
- Appendices

Title and Contents Page

Provide details including the name of your Community-Led Housing group, email address and website address (if you have one). You may also wish to include a postal address and telephone number. The following sections of the document should be listed with page numbers.

Summary

This should be clear, concise and between one and two pages long. It will be the most read part of the document, so it is vital that it summarises the whole document. It will likely be the last part of the document you write. It is important to be clear about your purpose, what support you have, how the proposal will be sustained and how much funding you require, with details of how it will be repaid.

Introduction to the Proposal

This section should provide details of the objectives and the delivery of the project. The objectives will include impacts and benefits of the project. In terms of project delivery, include information about your key delivery partners and the operation and management of the various project phases.

Team and Organisational Structure

This should provide details of members' qualifications, experience and relevant skills. You should also include details of those who are in the team but from outside your membership. If the team is extensive, you may wish to add full details in an appendix at the end of the document. You will also need to provide information about your legal structure and governing board, together with your most recent annual report and accounts. Again, you may need to include this information in a separate appendix.

Community Engagement and Promotion

This section needs to show that what you are proposing is wanted by the community and there is a need, including who your target audience is and how you are going to continue to engage with stakeholders. The outcome of any community engagement exercises and surveys undertaken should be included in this section. If you undertook a housing needs survey, a summary of the findings will be relevant (with the full detail included as an appendix.) It is important to detail how your scheme fits in with your Town or Parish Council priorities, how it will accord with your Neighbourhood Plan (if there is one in process or adopted) and the priorities of your Local Authority. Details should be included around how you have arrived at your rent or purchase price and why your Community-Led Housing group, rather than a registered provider or Housing Association, is bringing the scheme forward.

The Site and Scheme

In this part of your plan, you will need to explain the features of the site (size, shape, access, ownership, infrastructure and planning) and details of the scheme, including size of the homes, how the homes will be allocated, the size/number of bedrooms, scheme design, layout and standards.

Financial Forecasts

You will need to include in this section figures arrived at in your financial appraisal. This information should be supplied in a standard format and presented clearly. You will also need to include a balance sheet and a cash flow statement, with each being projected forward for at least three years. If your organisation is already established, you will need to include financial figures for the previous 12 months and detail how much revenue is needed to cover your initial investment. The projected figures must be realistic with an explanation of how they have been determined, referring to information from third parties, such as quotations from contractors and professionals, comparative estimates, historical costs and published rates/industry standards. Any assumptions, such as the rate of inflation, should be clearly identified.

Risk assessment

This part of the business plan will explain the risks and how likely or severely they could impact your project. You will need to identify hazards and decide who might be harmed and how. The risks should then be evaluate, looking at the likelihood and severity of the risk should it occur. It will be useful to demonstrate how the risks will be mitigated and so your risk assessment should also detail how risks are/will be controlled, transferred to another party, accepted or avoided.

Funding sources

Potential investors will need to understand what the funding is for and how you plan to use the funding. As well as the details of the long-term project, you should provide details of your set-up costs if these are being sought. This could include legal/financial fees, equipment, your website and other communications elements. Set-up costs should not be underestimated and must be given consideration. A contingency should be included in any sums.

Appendices

Because your plan needs to be clear and concise, any supporting information, such as but not limited to, surveys, calculations, quotations, letters of intent and contracts, should be included as appendices.

If you need help to write a business plan, please contact Wiltshire Community-Led Housing:

info@wiltshirecommunityledhousing.org.uk