

ST IVES COMMUNITY LAND TRUST

Registered Community Benefit Society

Registration No. 7158



BUSINESS PLAN

November 2019

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CORNWALL LAND
COMMUNITY TRUST

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EXECUTIVE SUMMARY

The St Ives Community Land Trust formed in 2014, registered as a NOT FOR PROFIT Company under CCSB14 and progressing to become a Registered Society in 2015. It gathered support for a different way of managing housing, workspace and community needs specifically for St Ives in Cornwall.

The project has a Board drawn from members of the local community and who can offer wide experience from their individual career pathways and who are committed to delivering a successful and affordable project base. There are two key projects – the acquisition and redevelopment of Old Vicarage Flats to provide six affordable rental homes and the acquisition and redevelopment of Old Town Fire Station to provide affordable rental workspaces. Other initiatives include the introduction of the St Ives Charter which created a route through which all aspects of community value and way of life could be promoted and protected for the future.

Concentrating on the Old Vicarage Flats (OVF) whilst negotiations continue around the Old Town Fire Station (OTFS) , the Community Land Trust bought the building under mortgage via Triodos Bank for £570k and has a Community Share Issue plus other funding sources to enable its redevelopment. The Red Book and post-project completion valuation has independently set the value of the project to be £1.4m.

The OTFS project is likely to be of a post-completion value in the region of £775k.

This business plan sets our main project of Old Vicarage Flats into context and seeks to provide some detail about the town and its community.

St Ives has such an outstanding area of natural beauty and is of course a holiday destination for some 450,000 visitors. Nevertheless, it has significant local economic challenges around low pay, seasonal employment, expensive housing and transport costs. The successful Neighbourhood Plan of 2016 addresses these issues and has layered specific planning restrictions in place to stem indiscriminate development whilst encouraging local building of homes for permanent occupation.

Our projects have grown through the needs and demands of the local community and it is the local community, through the St Ives Community Land Trust, that are taking the steps to do something about their concerns by providing affordable homes and affordable workspaces.

1. Our Community

1.1 Purpose

The key objectives of the St Ives CLT have been chosen through community conversation events. The most important issues are to provide affordable housing or workspaces and to increase other community services such as food and energy provision. We formed a Community Benefit Society with the following formal aims and objectives...

1. Protect existing community buildings for community use and increase such provision
2. Promote local economic resilience through developing sites for small and medium sized business and industry
3. Expand long term affordable housing supply

Its long-term broad Objects are as follows:

- The business of providing and managing housing (including affordable and social housing) by facilitating the provision of such housing and associated facilities, amenities and services to reduce financial hardship and support economic growth
- The promotion for the community's benefit of regeneration in areas of social and economic deprivation by any means that the Trust considers reasonable within the Constitution and which will be of benefit to the local community.
- The provision of workspace, buildings and/or land for use on such terms as the Trust shall determine
- The provision and/or maintenance of a community-based shop and/or post office and other buildings for community use.
- The provision of such other community resources, information, development and activities in the area of benefit as the Trust and membership shall determine from time to time for the benefit of the community.
- The provision, supply and maintenance of renewable forms of energy.

To achieve these goals we have undertaken **two key active projects** – acquisition of the Old Vicarage Flats to provide 6 affordable homes and the acquisition of the Old Town Fire Station to provide micro workspaces and community development co-ordination for the CLT project areas.

1.2 Who we are

The parish of St Ives has a population of around 16000, with 11000 people living in St Ives itself. Our community comprises of the historical residential community whose backgrounds have been working in the fishing or mining industries and who recognise the dramatic changes to their traditional way of life. The tourist trade began in the late 1880s but grew significantly in the 1940s around the modernist art movement. Today, there is a small fishing community and a rising tourist trade built on the areas natural and beautiful topography together with the significant artistic traditions of the town. Many people choose to relocate to the area to retire and younger people find that there is a limited range of career opportunities outside of the hospitality business. This, however, has the potential to change as digital technology advances and already the need for small workspaces or home-working has grown. Losing a cohort of younger workers to professional careers out of the county affects many areas across Cornwall but is noticeable in St Ives as it is so far beyond reasonable commuting distance. There are other issues around this that are not presented here.

In 2013 the people of St Ives, Carbis Bay, Lelant and Halsetown began a community-led process to produce a **Neighbourhood Development Plan (NP)** for the area. There was an extensive road-show programme for NP events and demand for a Neighbourhood Plan was growing in response to unfettered development, which many residents felt was not providing for the needs of the local community. Additional community events by the consultation team and volunteers provided opportunities for the general public to comment and voice their views about the subjects that they were happy with - and also those that were causing real concern. Time and time again the lack of affordable homes and the lack of available community/workspace buildings were causing the greatest concern.

The major achievement has been that all new developments are now for principal residence meaning these houses will be lived in as permanent homes.

Affordable housing is being delivered but represents just 15% of new developments since the referendum, falling far short of the 40% target set in the Neighbourhood Plan. It is therefore essential that we continue to take every opportunity to add to our housing stock even at the micro level.

St Ives is being watched by other communities around the world following the trailblazing passing of our Neighbourhood Plan and other communities are using our Plan as their model

After further community discussion and consultation, it was proposed that a separate Community Land Trust be established and formally constituted to address these specific areas of interest and to pursue purposeful and long-term solutions on behalf of and with the people of St. Ives.

With 120 signed up members, the St. Ives Community Land Trust was constituted as a Community Benefit Organisation and registered with the Financial Conducts Authority and HMRC in 2015.

1.3 Community Needs

As part of a unitary authority (Cornwall Council), we become subsumed in the greater picture across Cornwall, perceived as a busy and attractive tourist town, St Ives has limited visible areas of deprivation, yet it is in the lower third of the IMD lower super output areas economically. Jobs are often low paid, seasonal and transport and housing costs are above average. There is growth in in-migration from the over 45 age group often seeking to retire here and an reduction in the 18-45 age range economically active group who experience short term contracts and high housing costs set against raising a family and who often have to leave the town to improve their access to well-paid jobs, career advancement and affordable housing.

This strength of local feeling was backed up by the evidence. Between 2001 and 2011 there was a 67% increase in dwellings not occupied by a resident household. Over this same period, housing stock in the area grew by a total of 684 houses (or 16%) but the resident population grew by only 270 (or 2.4%) and the number of resident households grew by less than 6%. At least 25% of houses in the St Ives area are now holiday properties, remaining empty for large parts of the year. The “tipping point” at which a local community becomes negatively affected is considered to be around 21% of housing stock. There are obvious issues of housing shortage and rising house prices, and some areas of the town being deserted out of season, leading to social isolation for the few (many elderly) who remain.

There are other associated problems with a highly tourist-dependent town. St Ives attracts an estimated visitor spend of £86.8 million per year. It is unclear how much of this reaches or remains within the local community. Tourism typically generates low wage seasonal jobs – average local wages are around £8000 pa lower than the national average.

The median age for St Ives is £296.50 (68%) of the national average. There are 66.9% of the population of working age with 9% out of work and 21.3% in receipt of working tax/universal credit support. We are also aware that some 35% of the workforce receive less than the living wage and there is an active Foodbank located in St Ives. This suggests that not all who might qualify for universal credit are in fact able or willing to do so. We are classed as a rural population with a county level of 404 people per square mile which means we have a rural population of 43% compared to an average rural population of 10.5% across England (referenced from Cornwall:Vital Statistics by Cornwall Community Foundation).

The principal problem faced by local residents is that earnings have not kept pace with the rise in house prices fuelled by the expanses of the self-catering holiday industry, and the general lack of availability and choice of housing stock. But St Ives is also experiencing loss of diversity in the town centre and the local economy as a whole, leading to lower economic resilience and loss of social capital.

In this context, multiple examples of local housing need emerged from Neighbourhood Plan consultations; the stories of people who live and work here.

- Local people unable to find an affordable or suitable home despite having strong local family ties;
- Parents with grown up children living at home despite them having good jobs, or having to help children buy homes

- Businesses telling of employees unable to find affordable housing and so having to travel from further afield, or just not working in St Ives anymore.
- people who have eventually moved away unable to meet their housing needs locally
- Some employers unable to attract professional staff with diverse skill sets who are unable to relocate to the town as they are unable to find affordable rental property.

St Ives must be a good place to live in order to continue to be a good place to visit.

A review of the Neighbourhood Plan in 2018 found that, while some of the objectives are already being met, there is still a long way to go.

1.4 Communications

St Ives CLT undertakes community conversations across the parish, at various times and locations at not less than twice per year. There are in-fill discussions and events that take place through taking stalls at market days or holding open days at our housing project. Social media is managed through our webpage, Facebook and email and we are aware that this needs improvement and dedicated staff time. Using a newsletter both via email and post we encourage members and non-members to keep abreast of our project work. We keep in regular contact with our funders and encourage our membership to do the same through a local community café initiative which offers space and information.

We are undertaking a marketing development plan to widen our reach and intend to use the workshop project to provide a central point of contact for our community.

We have a Community Share Offer in place to service the redevelopment of Old Vicarage Flats following its purchase in April 2019. Currently Ethex are our conduit for communication with investors but we will be furthering this after the close of the offer through our regular newsletter. We have reached our minimum target and will use funds to repay a short-term loan and the surplus to contribute towards the renovation work of the project.

1.5 Share Offer

The purpose of the offer is to raise funds to renovate the Old Vicarage Flats to provide six affordable permanently rented flats for applicants from the local community.

1.6 Community Benefit:

Our aim is to reduce poverty by creating affordable housing and workspaces – the benefit will be to meet a direct housing need and contribute to the economic resilience of our town.

Our community of benefit is the local St Ives parish and providing housing and introducing a Community Charter are bringing direct benefits. The Charter has been put together by members of the community and is intended to be an information point and network of voluntary and charitable groups in the town. There is also a link to the local surgery for social prescribing benefits to be more widely introduced.

(2) Track Record

2.1 Origins and History

Our community told us that they were saddened to see long-held community buildings being sold off for commercial gain, housing stock being used as holiday lets and work becoming even more seasonal. This disquiet became more visible between 2012-14 and the opportunity to seek a Neighbourhood Plan at the earliest opportunity was seized. The town has mixed occupations stemming from the historical but declining fishing industry and the rise of the influx of an artistic community that began around 1880.

The town had considerable EU investment to contribute towards the building of the Tate Gallery St Ives in 1993, followed by other studio developments thereafter. This led to a leap of visitors to the town, which now number some 450,000 per year, served by a resident population within the parish of 16,000 people in total of which those who are economically active number around 58% according to Coastal Communities' recent research.

Since that time, it has been actively engaged in information gathering, pursuance of property acquisition and further consultation exercises and reporting events.

In 2016 it was agreed by the Board of Directors that the organisation was now in a position to prioritise its work in the short term. Of the ten potential projects that were put forward by community members, five were deemed to be urgent and needing early attention. The remaining projects were to be monitored by Directors with overview reporting undertaken as a 'watching brief'.

2.2 Development Tasks & Costs

Firstly we had to acquire the Old Vicarage Flats. These were held under two separate Titles which took around two years to resolve and the building was acquired under mortgage and loan on 1st April 2019. The second task was to raise the finance for redevelopment. This meant a Community Share Issue plus applications for grant aid funding. Both routes are underway and experiencing success.

There is further work to uplift the income being generated to an improved level and to undertake the development programme of renovation.

Three small grants have been awarded to us to appoint professional staff to undertake this last

2.3 Membership

Our membership is drawn from the community of the parish of St Ives and numbers 120 members. This does not yet include the members of the Community Share Issue which number 70.

Our key sites are the Old Vicarage Flats, the Old Town Fire Station, protection of the Library and two further commercial properties. Negotiations to purchase have been completed in April 2019 for Old Vicarage Flats which are now owned by St Ives CLT and held under mortgage, we have a right to bid on the Old Town Fire Station and the Library has progressed to a St Ives Town Council project. One commercial property at the Malakoff has been accepted for £3m Coastal Communities funding and is now a CIC with separate management and the second – the Lloyds Building went to open market and was sold commercially.

After further community consultation the St Ives Charter was established and launched in 2017, funded by the Big Lottery. The Charter is one of the current routes through which the local community can be involved in our decisions and through which the concerns and interests of the local community can be identified and acted upon.

Commercial development of any land or building in the town has, over decades, scuppered the interests of the local community and resulted in a loss of affordable homes and spaces for small businesses of social entrepreneurship. As a result, this movement seems to be leading to a lack of economic resilience being experienced by those who live and work in the town and who fall under the limited economic scope of seasonal employment.

It is of prime importance where buildings under the threat of sale or of being taken away from their traditional community ownership are protected, especially where various Council bodies have had a responsibility for asset management and are insistent on best value being gained (in terms of financial value only).

The CLT must seek to ensure that such buildings remain with their original intention of being available for community use and/or the benefit of the local community of St. Ives.

3.1 Governance

There is a board of Directors, established under Constitution (available upon request). Board Meetings take place throughout the year and give opportunities for the community to attend general meetings and/or offer their views either in person or via the website www.stivesclt.org.uk and Board members are detailed in Appendix 1.

Minutes of meetings are also available upon request. There are a variety of key skills available in the Board Members and good governance/best practice models are used based on qualification, practice and experience. Accurate and up to date financial records are maintained and there are policies in place for Equality and Diversity, Complaints/Dispute Resolution, Financial Procurement and Health & Safety and Risk Assessment, amongst others.

St Ives CLT has received guidance and directional support from National CLT, Cornwall CLT and SIB through the REACH fund. Assistance was directly given through consultation by Chris Crookall Fallon (CCF) through Ethex and the REACH fund grant aid. CFF is an independent consultant who regularly works with Co-Op Futures. We have also had the benefit of advice and assistance from our mortgage funder Triodos Bank and CAF Venturesome. In addition our legal advice has been given from Coodes Solicitor, Pam Johns who is also a Board member of National CLT. Within Cornwall CLT we have benefitted from help from Andrew George both when he was a serving MP and now as Chief Executive of CCLT, together with his immediate team of surveyors. We were guided by them in seeking various quotations, technical advice and surveys for the Old Vicarage Flats. We intend to work with Cornwall CLT as our Development Managers linking to our Quantity Surveyor E. Bryant (W Hills Ltd) for the duration of the build programme.

At a more micro level, our St Ives Community Charter has linked to all of the community groups in the town and our information is disseminated through this network.

4. Community Share Issue

The Board considered and agreed the launch of a Community Share Issue in 2018 to provide an opportunity for both local residents and wider investors to contribute to our success and protect the assets that are so highly valued by the community. After seeking advice it was agreed to appoint Ethex as our chosen investment management and full share information can be found on their website www.ethex.com or via St Ives CLT website www.stivesclt.org.uk. REACH funding was obtained to provide a rigorous critique of our proposals and specialist recommendations have been adopted to enable our launch of a Community Share Issue in 2019. This is regarded as an on-going investment opportunity and current positions can be provided by request to St Ives CLT. The Share Issue will run until 31st January 2020.

Project extract from the Community Share Issue Offer Document for information....

As a Registered Society under the Co-operatives and Community Benefit Societies Act 2014, St Ives CLT Ltd is registered with, but not authorised or regulated by, the Financial Conduct Authority. Any money you pay for shares is not safeguarded by any depositor protection or dispute resolution scheme. In particular, you have no right of complaint to the Financial Ombudsman Service, nor any access or entitlement to the Financial Services Compensation Scheme.

An investment in community shares is an at-risk investment in a capital project, not a loan or a deposit, and rates of return are not guaranteed. This investment should be considered as a medium to long term investment with a primarily social objective. Your shares may not be readily convertible to cash should you need to withdraw them.

As a member and shareholder of St Ives CLT you could, if the business is unable to meet its debts or other liabilities, lose some or all of your investment held in shares. However, your liability is limited to the amount that you have paid for your shares.

Whilst it is the Society's intention to pay interest on shares at the rate advertised in this document, community shares do not enjoy any capital growth. You may apply to the Society to withdraw your share capital (from three years from the date at which this share offer closes), and if funds are available, subject to Directors' decision, shares may be redeemed at face value only.

5 Project specific risks

The Board of St Ives CLT consider that the following are the major, foreseeable risks that pertain to the Vicarage Road Flats project:

PROJECT SPECIFIC RISKS

The Board of St Ives CLT consider that the following are the major, foreseeable risks that pertain to the Old Vicarage Flats project:

RISK	LIKELIHOOD	IMPACT	MANAGEMENT
Old Vicarage Flats building deteriorated	Low	Me	Building condition has been monitored regularly over the last year. The renovation budget has a

at time of purchase		di u m	contingency allowance
Renovation cost overrun	Med ium	M e d i u m	Renovation will be undertaken through a firm fixed price contract, overseen by an independent contract manager
Failure to attract tenants	Very Low	H i g h	Demand is known to be high and prospective tenants have already expressed interest. Tenant selection (through our chosen external agent) will commence well before completion of the works.
Rental voids higher than budgeted 5%	Low	M e d i u m	We will actively manage tenancies, promote good communication between tenants and the CLT, and void rate will be regularly reviewed as a key management metric.
Rental bad debts	Low	M e d i u m	Through our external agent we will screen potential tenants, and manage tenancies credit limits. Rental debts will be constantly monitored by the CLT management and insurance purchased if necessary

PROJECT SPECIFIC RISKS *continued*

RISK	LIKE LIHOOD	I M P A C T	MANAGEMENT
Failure / receivership of construction contractor	Low	H i g h	Construction insurance is included in renovation budget. Contractor performance and financial health will be continually monitored by the contract manager.
Renovation time overrun	Medi um	M e d i u m	The renovation contract will include liquidated damages for delays beyond an agreed limit. The board will receive weekly reporting against the work programme during by the contract manager.
Professional fees overrun	Medi um	M e d i u m	Professional fees will either be wrapped up in the renovation contract or procured on a fixed fee basis. Cost and performance will be continuously reviewed by the contract manager
Management contract cost inflates above budget quote	Medi um	M e d i u m	Fixed prices contracts and continuation of unitary authority support opportunities There will be a market review and contract performance review leading up to the renewal date for the management contract
Property deterioration while tenanted	Low	L o w	Tenancy agreements will require 6-monthly inspections and property upkeep will be monitored by the CLT board. Normal wear and tear renovation is built into the long term business model
Minimum target community share capital is not reached	Medi um	M e d i u m	Investment monies are returned to investors. The project progresses, but soon after acquisition, flats are sold on shared equity market to permit payment of short term debt and other funding options are considered for the longer term.
Optimum target community share capital is not reached	Medi um	M e d i u m	Project progresses and remains viable but extensive refurbishment of groundfloorflats is delayed until alternative funding is found

<p>Failure to obtain capital from fundraising club, or failure of more than one source of capital leading to significant under-capitalisation</p>	<p>Medium</p>	<p>Medium</p>	<p>Project can progress, by selling a number of units on the open market to close the capital gap. Result will be fewer affordable rent properties.</p>
<p>CHF grant not obtained</p>	<p>Medium</p>	<p>Medium</p>	<p>Advice to date suggests strong likelihood of eligibility for CHF grant. Without the grant, the project progresses with light-touch refurbishment of top floor flats which are then let quickly, with ground floor works delayed while alternative financing is sought</p>

PROJECT ILLUSTRATIONS (click on links)

Old Town Fire Station Workspace Project



The Former Fire Station/St John Ambulance Ro6

Old Vicarage Flats for Affordable Homes



Next to The Guildhall, Street-an-Pol



6.0 PROJECT PORTFOLIO

6.1 HOUSING

There are several development sites across the Borough.

Old Vicarage Flats –now owned by St Ives CLT but which were owned under split Title partly by LiveWest and Cornwall Council with St. Ives Town Council having an interest. There have been discussions with all interested parties and a grant application for £40,000 from the Community Housing Fund Stage 1 was awarded to St Ives CLTI to undertake options analyses. After much negotiation and government funding restructuring, St Ives CLT agreed funding with Triodos Bank and CAF Venturesome to purchase the property for £570,000 and continue to work towards its renovation in 2019/20.

Other Commercial Development Projects will have Section 106 qualifications and the teams are keeping a watching brief on their progress and they include the following sites...

The Rugby Club is proposing a house-building programme

Carninney Lane has a proposal for 13 affordable houses and 13 self-build plots

Towednack – planning application for large scale development pending.

Gonwin Farm – planning application for large scale development rejected under planning July 2017, re-submission on-going review with smaller development being undertaken.

Tyringham Row, Lelant – planning application for large scale development underway and construction started 2018.

6.2 ECONOMIC DEVELOPMENT

The Old Town Fire Station and former St Johns Ambulance Station would convert to community workspaces/studios. The Trust are in negotiations with Cornwall Council to purchase this building under the Right To Bid as part of the Community Led Local Development initiative. Expression of interest is in place with formal application for financial support to be made late 2019. Project work currently progressing well with discussions with local SMEs and others for workshop creation..

Lloyds Bank Offices:

SICLT visited the site and will be monitoring the sale for opportunities to acquire the courtyard building for office space from the new owners.

St Ives Vicarage

Sold by the Diocese, although important to the town. SICLT was not in a position to bid pending a Community Consultation exercise to find out how the Community would like to see the building used. The Diocese have bought back the Vicarage and have re-sold the site to a private buyer. This site adjoins the Old Vicarage Flats and is of keen interest to St Ives CLT.

ST IVES PARISH ROOMS

Offered for sale by the Diocese, important to the town. SICLT met with Bishop of Truro, the offer by SICLT to purchase at £300,000 was rejected. The property was sold to a private buyer who has a planning application underway. The application has been rejected by Cornwall Council due to Environment Agency objections, unsuitable infrastructure and overdevelopment. Current owners have not said what their plans are. St Ives CLT continues to seek to acquire this building.

PENBEAGLE

Panemon Best land available with covenants, use unclear – should be publicly owned and managed land. A local community orchard group were supported expressing an interest and are now taking this forward under lease from Cornwall Council. Contact with the group is maintained and they are achieving much success. There is an existing skate park within the estate and there is an independent project by its management team to rebuild the skate park at a cost of £450k.

Another area of interest is the site of the old public house which has been placed on open market. It is a difficult site and may be something St Ives CLT could consider if still available at a later date

6.3 COMMUNITY DEVELOPMENT

Actively consulting the community via the Neighbourhood Plan has increased community engagement and interest in the town. People feel confident to express their views and to volunteer on various projects – which in turn leads to a sustainable and resilient community where local people want to work together towards the benefit of the town. Also increasing the town's resilience to outside factors of change that impact daily life – having established community networks creates opportunities for sharing experience and solving shared problems in an appropriate and rewarding way.

St Ives Community Land Trust has these values at its heart as mentioned throughout our activities. Nevertheless it cannot be regarded as a one-way activity where the community engage with their needs only to be met with opposition or entrenchment of approach based on historical practices and beliefs.

New ways of working are being developed and accepted and it is essential that these continue to be recognised, appreciated and supported by local government.

6.4 COMMUNITY CHARTER

The community has decided upon the introduction of a Community Charter to contain their aspirations including an affordable and prosperous future for younger generations. We held a number of 'community conversations' to establish their wishes and desirable outcomes for their community activities and engagement.

This is well underway with a separate project team. St Ives CLT was awarded project funding from Awards for All Funding for stage 1 community engagement – completed and delivered to project requirements, funded by the Big Lottery.

Stage 2 is Awards for All Funding stream by the Big Lottery.

The launch of the Charter took place in 2017 and further community engagement activities are planned in due course.

A COMMUNITY CHARTER

To establish the Cultural Heritage of St Ives, Carbis Bay, Lelant and Halsetown, and to declare our Rights and Responsibilities for its improvement and protection

This Charter pertains to any development within St Ives parish which impacts on our Cultural Heritage and, as this Charter is a direct expression from the people, it must be a material consideration in the planning process and decision making; is a factor for impact assessment under environmental legislation; and must be given equal weight to other factors in the evaluation of Sustainable Development.

The Charter has been drawn up to complement St Ives Area Neighbourhood Development Plan and should be used alongside the Plan as a stronger assertion of the Cultural Heritage of the communities of St Ives, Carbis Bay, Lelant and Halsetown.

Collectively, we have agreed that our Assets are:

1. The spectacular, un-spoilt natural environment in which our settlements of St Ives, Carbis Bay, Lelant and Halsetown are set
2. The distinctive character of our built environment
3. Our vibrancy and strength of community
4. Our variety of local facilities available to the local community
5. Our strong cultural traditions, artistic and industrial heritage upheld by local communities
6. Our strength of family and kinship
7. Our maritime culture

8. Our global reputation and stature, far exceeding our relative size
9. Our public spaces, given or bequeathed to us, the community
10. Our aspiration of an affordable and prosperous future for younger generations
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11. Our health and well-being
12. Our good and accessible transport connections
13. Our strong small and micro business sector
14. Our ancient landscape and settlements

7.0 PRIMARY PROJECT – OLD VICARAGE FLATS- Creating 6 flats for affordable rental

Making that Difference

- Already identified and purchased
- Cornwall Council has the opportunity to assist with both homes and workspaces that St Ives CLT wants to acquire and have the capacity to support our initiatives if they commit their political and financial will.
- All of the pieces to deliver our project are achievable if the competitive commercial interests – including those within the long-established housing sector are restrained to allow the CLTs to act.
- There are approximately 600 requests on the Home Choice Register from people looking for affordable homes in the St Ives area, with 400 requests from St Ives area.
- This project will meet 1% of the Home Choice requests for the area.
- The return on this investment over time, currently considered as a best guess until the options evaluation is completed, is conservatively estimated to be 3.5% of value. And the project is pointing towards being a solid and achievable outcome for the local community and public investment funding.
- We are able to offer Community Shares to encourage individual investment in affordable housing – people can actually do something to help.

Some of the Challenges we face:

- Treading familiar pathways to creating homes ONLY through new build, easier to manage projects,
- Commercial interests have capacity to act quickly and often have access to capital

- Local Authority culture of Best Value takes lead to target-driven demands over and above smaller scale local propositions
- Rarely can economies of scale be used by the CLT to win finance where value for money or financial cost/benefit measures are the key drivers.
- Changing the thinking of investors to consider “bottom up” projects is difficult
- Other projects within the established housing sector are able to be brought on stream but which will compete for the very limited fund presently available to the County.
- Being categorised with social housing providers and Housing Associations where access to finance is available to those groups but which community land trusts can’t access due to lack of financial track record or economies of scale advantages held by the larger organisations.
- Changes in Government funding strategies regarding Registered Provider status requirement.

7.1. SWOT ANALYSIS

Strengths:

- Diverse nature of key project workers – Housing expert, Community Development Officers, Chartered Surveyor, Chartered Civil Engineer, Media champion, Local authority support worker, Financial Advisor, Architect, Community Land Trust network membership (national and local), local residents volunteering
- The community have initiated and committed to the objectives of the projects
- Communication routes directly to local residents
- Resilience and determination to succeed, demonstrated over the last four years of operation within a challenging environment of national uncertainty.
- Finance has been secured and the building purchased under 25-year mortgage with good loan to value.

Weaknesses:

- Limited staffing. Grant aid Funding has recently been received to recruit professional staff. However, all other team members are volunteers working in their free time and experience time restrictions. Competing with commercial interests at every level.
- Lack of Community Share Booster Standard Mark. At the time of writing our share offer we were under a tight time deadline from the property vendors Devon & Cornwall Housing and we felt we did not have sufficient time to get this expert advice and recognition. Completion on the purchase was delayed but our funders accepted that the Community Share Issue made up a good portion of our achievable financial plan so we went ahead with the Issue. Since that time we have re-visited and

learned from our original plan and have submitted another application to the Community Shares Booster Programme for their advice and support and are awaiting an outcome of this work.

- Competing and experience of the St Ives Economic bubble for inward investment and also its level of social deprivation. Some parts of the community experience considerable economic disadvantage although living and working in the town.

Opportunities:

- The community has engaged with confidence the opportunity to shape their own future and this needs to be embraced.
- St Ives Community Land Trust is acting as a viable conduit directing others onto projects (such as the Malakoff Coastal Communities initiative) which should aid economic development.
- There is still the opportunity to help the creative micro business sector and monitor the gig economy in the town.
- To ensure that increased growth is measured not only in economic terms but in social growth terms as a new model for the future.
- An opportunity to find new ways of working
- Networking opportunities with experienced advisors from outside the housing sector.

Threats:

- The town has the last of its publicly owned buildings under scrutiny and if they are commercially developed this would be a great and permanent loss to the town – not what was intended by those who historically placed their trust in protecting the community and its assets.
- The interpretation of best value/viability/commercial judgments being based on wholly financial economies and the market economy, without due concern to leading economic and social change studies. The likelihood that CLT initiatives and ambitions are still a very new way of thinking that sits outside of the historical models – which after all have failed.
- National and Local Government housing funding structures have changed mid-programme with eligibility criteria requiring Registered Provider status being awarded. RP status is not something that should be rushed and therefore time pressures must prevail with RP status being reviewed outside of this project.
- Funding restrictions in an uncertain political climate where the certainty of tried and tested solutions is the only option available making creative solutions seen as too risky.
- The view from a wider audience of funding bodies that St Ives is a wealthy affluent area as seen from the visitor perspective. It is little known that St Ives is in the lower 30% super output area of IMD evidence with some areas of the town at only 20%

7.2. OLD VICARAGE FLATS - DEVELOPMENT

The building is a distinctive property circa 1850 , with a 1950 modern extension, constructed from natural stone with a pitched natural slate roof. It is currently divided into:

Ground Floor

- Toilet Facilities for the adjacent Guildhall
- Community Space (most recently used as a Nursery to 2106)

First Floor

- Two Flats – unoccupied since 2016

Second Floor

- Two Flats – unoccupied since 2016

There is a tarmac parking court to the front and a small courtyard and considerable garden to the rear, which is accessible through the building, with one parking space to the front allocated to the flats, the other spaces owned by St Ives Town Council.

St Ives CLT propose to renovate the four existing flats to bring them up to current building regulation standards and convert the community space into two studio flats. The total affordable housing provision, subject to planning permission, will be:

4 x 2 bed flats
2 x 1 bed flats

The flats will be retained by St Ives CLT and let at affordable rents not exceeding the local housing allowance for Kernow West. These are:¹

1 bed flat	£104.89 per week
2 bed flat	£132.32 per week

A survey of available rental housing in October 2019 revealed that the average two bed flat was offered at an average rent of £211.38 per week. There were no one bedroom flats available during the month surveyed. However, should any social housing become available this could be as low as £88 per week – unfortunately there are no properties available or planned in this area for the foreseeable future.

If St Ives CLT were to attract sufficient grant aid support it might be possible to get our rents much lower.

A local housing association may be employed to manage the homes on behalf of St Ives CLT's. The purchase of the property is through a long-term mortgage facility, enhanced by a 12-month short term capital raise.

There is a Community Share Issue to support the fundraising for renovation, along with grant applications (Community Housing Fund), and a Fundraising Club of private donors.

¹<https://www.cornwall.gov.uk/advice-and-benefits/benefits/local-housing-allowance/> accessed 23 May 2017

There are also discussions in place to work with other charitable/not for profit organisations to help with renovation of the property.

7.3 Funding & Financial Projections

St Ives CLT was awarded a Community Housing Fund (Stage 1) grant of £39,950 to explore the feasibility of the proposed project.

This grant has been used to obtain:

- Building Surveys
- Budget Estimates
- Open Market Valuations
- Legal Advice on Title of the Building
- Japanese Knotweed Survey
- Electrical Installation Survey
- Gas Survey
- Mundic Block Assessment
- Asbestos Survey
- Renovations Options Analyses

The feasibility work has concluded that the building is in relatively good condition for its age but does require extensive work to bring it up to modern standards (refer to Cockrams Report). The estimated cost of this work is £440,000 excluding VAT and professional fees.

7.4 Pre-Development/Planning

To build upon the feasibility work already undertaken the CLT and the pre-planning application which has been approved, grant aid finance to prepare construction drawings and tender processes for the proposed renovation works. (see financial summary)

Application to the Community Housing Fund formed the central core to our proposals following receipt of CHF grant stage one for our feasibility study. Central Government then restructured under several Ministerial changes to change funding criteria of CHF stage 2 awards. No longer awarded via local authorities, the Homes England body was established and conditions for CHF altered. For us, this involves becoming registered as a Registered Housing Provider which has legal implication for Community Land Trusts. Further work on this new requirement is being undertaken by national bodies looking for a “lighter touch” approach as RP status involves considerable and onerous management, for which many Community Land Trusts may be ill-equipped. With this in mind, St Ives CLT are looking at the possibility of RP status registration but decided to raise mortgage finance to acquire the property and launch a community share issue to provide development funding, supported by keen local donors through our Fundraising Club as mentioned earlier.

7.5 Capital Requirements for Development – see attached Financial Schedule

The Red Book valuation was carried out by Alder King independent valuers and current estimates of the total development costs (including land purchase but excluding the pre-development stages) total £1291k. This comprises:

Building Purchase	£570,000
Construction Work	£440,000
Construction on costs	£48,000
Construction fees	£74,000
Contingency	£150,000
Total	£1291,000

St Ives CLT could consider re-financing the project in say 8 years should that prove necessary for long term assurance, given that neither we nor anyone else can predict economic changes so far ahead in an uncertain political environment.

Furthermore, we retain the option of selling at an affordable level (with occupancy and resale restrictions according to housing policy), one or two of the apartments should the need arise.

As mentioned earlier, Independent business valuer Alder King were appointed by our mortgage funder Triodos and the post-completion valuation of the property was estimated to be £1.4m.

7.6 Long Term Finance (Refer to Appendix G)

On the basis of borrowing £330,000 over 25 years with LHA rental incomes and allowances for maintenance and repair, rental income will cover repayments each year with the loan repaid by the end of year 25.

The following assumptions have been made in assessing the long-term cash flow of the project:

- Local Housing Allowance rents rising at CPI + 1% per year
- A void rate of 2%
- Annual management costs of £667/home rising at 3% per annum including property insurance
- Annual maintenance costs of £660/home rising at 3% per annum
- 0.4% allowance for major repairs from year 4
- 4.95% per annum interest on long term loan

Using the National CLT Network Appraisal Tool developed by John Watson Consulting, there should be a small annual deficit in year 1 on rental income v expenditure but surpluses from year 2 onwards to allow the CLT to establish after investor repayments:

- A working capital fund for another project and/or,
- A discount scheme on weekly rents

7.7 The Community Housing Fund

The Community Housing Fund has provided a Development Grant and work is continuing to look at submitting a full application for funding towards the end of 2019

The total funding awarded from the Community Housing fund has been £64,950. However, there are ongoing conversations about the best route to follow with CHF and it may be that we pursue Investment Partnership with Cornwall CLT

Full funding from this source could represent a grant per unit of £123,333. A more realistic expectation of grant funding from this source is £60,000/unit; £360,000. However, the minimum level that we would need on this route is £250,000 and we have used this level in our conservative financial calculations.

We will be happy to discuss this further with enquirers.

7.8 Other financial opportunities/Working Capital

Connected to Government Housing policy guidance are other opportunities introduced via local councils. In Cornwall, our enquiries have determined that there are loan funds at favourable interest rates to cover working capital needs. For example, the Affordable Housing team offer a Revolving Loan scheme repayable over a 12 months period at 4.7% and the Empty Homes Private Landlord support team offer further loan facilities at 4.5% – in our case up to an estimated £180,000 to enable work to progress until conditional refinancing or single property resale was actioned if necessary as an exit strategy and upon completion of construction work. Independent expert financial advice is being sought to ensure all opportunities are thoroughly researched. We would under these loan terms qualify for VAT at only 5% on construction, with some exclusions. We also considered other commercial borrowing and will base our next step on the outcome of our Community Share Issue.

The project does not require major capital purchases for construction, although investment into sustainable energy provision will be a big part of our concerns. We have grant-aid to enable varied professional opinions to be sought. We are looking for the long-term benefit for our tenants to enable lower fuel bills, which is a difficult route where older buildings are concerned. Our costs could be around £40,000 but will be wholly dependent upon which energy supply route we choose. At this early stage of the project we have allowed for ordinary household provision of standard gas or electric heating installation.

7.9 Grant Aid

Our business plan includes considerable grant-aid support from a number of sources, alongside our commercial fundraising. Obviously, if we are able to secure the grant aid that we would like, this would reduce our commercial borrowing considerably. This work is continuing and all options available are being considered.

We have grant-aid support for our Development Stage – appointing staff and getting some professional advice pre-construction contract. We have been accepted for funding from Architectural Heritage Fund, National Community Land Trust Cohesive Communities Fund, and Community Housing Fund Stage 2 to a value of £120,000. We have a number of funding options still awaiting a decision and are seeking support from the Community Share Booster Programme should our application for the Standard Mark make progress and be accepted in due course.

We have included grant application funding into our financial projections together with Community Share investment. This creates a difficult presentation as it appears that we may generate more income than needed. If all fundraising is successful the Board will of course make the necessary adjustments to plan and may be able to return investments earlier.

7.10. Marketing

St Ives CLT undertakes direct mailing via email and Mailchimp to its membership base of 115 paid up members. This membership does not yet include the additional members who will be part of the Community Share Issue. There are newsletter updates when necessary but there are at least two Newsletters per year.

In addition, there is an active Facebook campaign promoting the Old Vicarage Flats development in particular – along with Instagram and Twitter accounts.

Most recently (Oct 2019) we have been awarded grant funding to appoint a Marketing Manager to both co-ordinate and structure our analytics from each campaign and to ensure that we are presenting a consistent message and opportunity for community engagement and contribution.

We are very mindful of monitoring our Donor Experience and one of Board has been part of the peer to peer information exchange on the Commission for the Donor Experience which has led to raising our awareness of our shortcomings in this area. Primarily due to funding restrictions but now able to be pursued with vigour.

We are also actively engaged in promoting to funders and investors and can provide information if required.

Our audience is wider than our customer base and for our customer base we are hosting community conversation days to ensure there are adequate means of gathering and exchanging information to members of the local community.

Much of our work has been developed through the St Ives Charter referred to earlier.

Our market research was drawn from the study informing the Neighbourhood Plan and the factual evidence can be found in the Housing Needs data, also referred to earlier, made available from Cornwall Council and NOMIS data held.

With regard to competition, this has been a fiercely competitive exercise in that we have been set against fully financed commercial interests wishing to secure the asset. We have succeeded but our funding opportunities are limited due to our size and external unfamiliarity with Community Benefit Society Housing initiatives for affordable housing. There is much confusion about the difference between social and affordable housing. We are actually a private landlord delivering affordable homes and have not yet moved towards becoming a Registered Provider that would be potentially obliged to offer social housing. This difference was particularly highlighted by the local community who felt it was the affordable housing gap that affected them the most.

Our marketing is seen as a continually evolving programme which will continue for the life of the housing programme.

8.0 Risks

The next step for St Ives CLT is to test all of their assumptions on the project to ensure the project is viable and then obtain funding to purchase and renovate the building.

The key risks have been identified as:

Description	Risk	Mitigation	Timescale
COMMERCIAL:FINANCE			
Pre-Development Finance Community Share Issue	Minimum levels not reached	Consider application to CHF	Achieved
Development Finance	Revolving loan unavailable or grant funding not received from Cornwall Council	Obtain letters of comfort from Cornwall Council	March 2020
Fundraising/Additional Grant	Fundraising/additional grant funding target not achieved	Prepare strategy for fundraising/grant applications	March - September 2020
Short term mortgage	12-month repayment term. Funds from Funding Club or Share Issue unavailable	Consider application to Cornwall Council Revolving Loan	Achieved
Financial Advice	Seek professional advice on Community Share Issue	Discuss with several consultants/solicitors. Chose Ethex based on recommendation and expertise REACH Grant funding obtained £14000 to assist with	Achieved.

		programme	
DESIGN: PLANNING			
Planning Application	Planning approval refused	Pre-planning permission given Full permission pending	March 2020
BUILDING			
Property Purchase	Vendors sell to alternative buyer if CLT unable to complete on time	Evidence progress made to completion	Achieved
Deterioration	Old building, decay or damage during planning stages as unoccupied	Local community volunteer team to maintain and monitor. Undertake repairs as necessary	December 2018 on going.
BUILD			
Construction costs	Costs higher than assumptions which will affect viability	Obtain a fixed price tender for the work from contractors.	February 2020
Management charges	Managing Housing Association charges higher than estimates	Obtain quotation from Housing Association for management role	May 2020
Professional Fees	Costs higher than assumptions	Obtain quotations from Architect,	March 2020

	which will affect viability	QS, Engineer and Principal Designer	
HEALTH & SAFETY			
Construction phase – full details available	CDM standards covering site and programme eg noise, access, security, welfare, manual handling, working at height etc.	RA Designs have been appointed to be our Principal Designer and manage CDM with Cornwall Community Land Trust acting as Development Manager. In house single point of contact with St Ives CLT	January 2020 On going

Financial Schedule available from clt@stivesclt.org.uk

Community Share Issue

Please link to our Investment Management at Ethex for full details:

www.ethex.org.uk/StIvesCLT

ST IVES COMMUNITY LAND TRUST

Equal Opportunities and Managing Diversity Statement

As a community organization, we will not discriminate against our members, employees or volunteers on the grounds of gender, sexual orientation, disability or impairment, age, race, creed, colour, nationality, ethnic or national origin, trade union activity, religion or belief or similar.

The organisation will endeavour to be socially inclusive.

The Association values difference and seeks to recognise and encourage involvement from people with different backgrounds, skills, outlooks and experiences to encourage participation in land and property management and other activities that the CLT is involved in such as the Community Charter.

We will not tolerate behaviour that contradicts the letter or spirit of this statement or the open approach to community involvement in the Trust and its activities.

Any member allegedly causing offence will be asked to attend a meeting with the Secretary or Board of Trustees and/or may be asked to participate in dispute resolution meetings in accordance with the Complaints & Disputes policy.

Supporters are encouraged to familiarise themselves with our other key operational documents:

- Business Plan
- Health & Safety Policy/ Hazard Risk Assessment
- Complaints & Disputes Policy
- Conflict of Interest Policy

Supporters are also encouraged to comment and offer feedback or suggestions on any aspect of the work of the Trust that they feel would lead to improvement.

Correspondence should be addressed to The Secretary, 14 Bedford Road, St. Ives, Cornwall TR26 1SP

1st July 2016
Morag Robertson
Chair
St Ives Community Land Trust

Supporting Documents Available on Request

- Building Survey Cockrams & valuation
- Japanese Knotweed Survey – Cornwall Environmental Consultants
- Asbestos Survey
- Mundic Block Assessment
- HM Land Registers of Title Documents – DCH/Cornwall Council/St Ives Town Council
- Electrical Installation Survey
- Gas Inspection tbc (postponed pending options decision/geothermal survey)
- Options Analysis (Hills via E. Bryant)
- Commercial Properties Standard Enquiries – Coodes Solicitors
- Energy Performance Certificates - DCH
- Hentlands Fire Alarm & Lighting & Maintenance Certificate Inspections – Coodes Solicitor
- Independent Business Valuation Alder King Red Book Valuation (to determine current investment value and upon completion)
- Planning Application inc. Flood Risk Assessment
- Company accounts to date
- Draft Tenancy Allocation Policy

References:

St Ives Economic Plan

St Ives Neighbourhood Plan

RSA Report Inclusive Growth/Taylor Report

ONS – Housing needs

St Ives NP Action Plan

St Ives Community Charter

