

Nith Valley Leaf Trust

Castle Crescent Community Owned Houses

Business Plan

December 2017

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1. Executive Summary

Nith Valley Leaf Trust is a charitable trust and would like to acquire 1078m² of land within Closeburn Village from Dumfries & Galloway Council. The piece of land is in Castle Crescent in the centre of the village adjacent to housing, the main electricity substation and opposite the village play park. The land is currently waste ground.

They would like to build 3 terraced houses that could be rented to young local families unable to access good quality affordable housing. The houses will be attractive, well insulated and energy efficient homes of passive energy standard that fit the character of Closeburn.

2. About Nith Valley Leaf Trust (NVLТ)

NVLТ is a community trust set up to enable the community of Closeburn to:

Manage community land and associated assets for the benefit of the Community and the public in general following principles of sustainable development, where sustainable development means development which meet the needs of the present without compromising the ability of future generations to meet their own needs.

To provide, or assist in providing, recreational facilities, and/or organising recreational activities, which will be available to members of the public at large with the object of improving the conditions of life and health of the Community and following principles of sustainable development.

To advance community development, including urban or rural regeneration

To advance the education of the Community about its environment, culture, heritage and history

To advance environmental protection or improvement including preservation, and conservation of the natural environment, the promotion of sustainable development, the maintenance, improvement or provision of environmental amenities for the community and/or the preservation of buildings or sites of architectural and historic importance.

The Trust is set up as a Company Limited by Guarantee with Charitable Status.

3. Directors

There are currently 10 directors of Nith Valley Leaf Trust. There are a wide variety of skills and experience from which creates a proactive and professional Board:-

- **David Dick Vice Chair NVLT**

Retired Police officer & Scottish Police Federation. Has been involved in many local charities including Thornhill & District Community Transport, Crossroads (retired Treasurer) & is Treasurer Closeburn Community Council.

- **John Holroyd NVLT Director**

Retired Trade Unionist, trained marine fitter from Yorkshire with career in childcare and trade unionism. Extensive experience dealing with a range of people – including heads of

companies, Councils, MPs and MSPs. Works as volunteer for the First Base Charity, Dumfries and mentor for young folk Befriending Project, fund raiser Auchinleck Talbot football club, Thornhill Community Council- running Facebook pages and Thornhill Music Festival

- **Jim McDade NVLT Director**

Ex-banking now with Citizens Advice Dumfries

- **Kenneth McLean Secretary NVLT**

Solicitor (Senior Partner: Pollock & McLean). Involved in many community organisations in Mid and Upper Nithsdale.

- **Ian Maclellan, NVLT Director**

Retired from agricultural chemical industry and now arable and sheep farmer in Closeburn and Warwickshire farming business.

- **Luis Pombo NVLT Director**

From Argentina and lived in Scotland since 2002

Career in Community learning – now working as Domestic Abuse Research and Information Officer – D&G Council and teaches Spanish at D&G College. Interest include: domestic abuse and gender-based violence, community development, inequality, deprivation, exclusion and discrimination Environment: impact and sustainability, Linguistics

- **Mike Steele Treasurer and Director of NVLT**

Agriculturalist (UK, Pacific, Middle East, Africa), sheep farmer, Ex- CEO Academic Society(BSAS) wide experience of organising events, conferences, workshops, managing projects, extension, training and dissemination. Secretary of Closeburn Community Council, Advisor to EU research project and Secretary Stapledon Trust.

- **Shona Walker NVLT Director**

Dairy Farmer in partnership with sons at Closeburn. Trained farm secretary/accounts.

- **Guy Willoughby Chairman NVLT**

Ex-Military, sheep farmer. Founder and Ex-CEO Halo Trust (UK's largest de-land mining charity). Wide international experience & networking. Member Closeburn Community Council and Community Orchard.

- **Shona Mckinley NVLT Director**

Farmers Wife.

4. Members

The Trust currently has 65 members.

5. About Closeburn

Closeburn is a small village in Dumfries and Galloway, South West Scotland with a population of around 270 people in the village and 800 in the Closeburn Community area.

The village is surrounded by agricultural land with a number of smaller settlements situated nearby including Cample and Gatelawbridge to the north and Auldgirth to the south which lies just outside Closeburn's community council area. The Closeburn Community Council area is relatively large, extending as far north as Gana Hill and is bounded by the Water of Ae to the east and the River Nith to the west. Closeburn lies on the main A76 road Dumfries to Kilmarnock and has a number of smaller minor roads leading off it providing excellent road access to both larger regional towns and nearby rural settlements. Around 2.5 miles north of Closeburn lies the larger village of Thornhill which offers a range of services and amenities for Closeburn residents. As such, Thornhill is often seen as a local hub in terms of drawing people across upper Nithsdale for work, leisure, healthcare and education. It is estimated that there are now approximately 115 houses in Closeburn with approximately a further 200 across the community council area. The proportion of owner occupied housing in and around Closeburn village is around 60%, slightly lower than the national level, estimated to be around 62%.

Using the Scottish Index of Multiple Deprivation (SIMD), the Scottish Government's official tool for identifying those places in Scotland suffering from deprivation Closeburn, which is included in 3 data zones, scores highly for deprivation for housing, access to services and crime. (see accompanying document 6 - Closeburn Action Plan page 14). This index score shows the need to improve housing provision.

Closeburn village is home to a shop and post office and a number of other small and medium sized businesses, mainly located at the Closeburn Industrial Estate, with a number of additional businesses located in the more rural parts of the settlements like Dumfries and Thornhill for work. Closeburn has its own primary school located about 1km to the east of the main village which is attended by children from across the community council area. Secondary school pupils must travel to nearby Wallace Hall Academy in Thornhill which has a wide catchment area given the rural nature of the area.

As previously mentioned Thornhill is home to the majority of the community facilities in the area given its larger size and relative proximity, however Closeburn does have a number of community amenities in its own right. The Closeburn village hall accommodates a variety of activities on a regular basis including dog training classes, youth club and hosts a number of annual events each year including the Gala Day, Christmas parties and New Year's lunch. There is also the Closeburn Parish Church, an attractive building located adjacent to the primary school, east of the main village which is a significant feature in the local community. Closeburn is also home to a few parks, playing fields, and open spaces which can be used for sports and community events throughout the year. A community orchard is currently being developed.

6. Previous Projects - Community Owned House

Nith Valley Leaf Trust (NVLTL) Owns one affordable house that is rented to a local family at an affordable rent level. This house is funded by a mortgage from The Charity Bank. A study conducted in 2011/2012 showed a need for affordable housing in the village. There was and still is a waiting list for affordable social housing. Currently local people on waiting lists for affordable housing are often relocated to available housing in other areas, thereby losing links with their home community. Nith Valley Leaf Trust will be able to allocate their house to families with a local connection, thereby enabling community links to be maintained.

In 2012, a private development in Closeburn of 22 new houses for sale was proposed, with provision for 4 low cost houses within this scheme. This development is adjacent to a similar 2011 housing scheme of social homes for rent, managed by Loreburn Housing Association. The recent Housing Needs Survey undertaken by DGSCHT for the feasibility study for this project indicated that there were 85 applicants the Homes4D&G waiting list for the village of Closeburn's 46 Housing Association properties as at 03/07/17 (See accompanying document 5, page 6 Closeburn Housing Needs and Demand Report with Survey July 2017). Unfortunately houses for rent are not easily available for families with connections to Closeburn because housing associations are bound by national housing regulations, which mean that people from outside the community often get priority because of their needs.

NVLT worked in partnership with Loreburn Housing Association and Dumfries and Galloway Small Communities Housing Trust to identify an opportunity to purchase one of the properties in the new development and create an allocations policy for this with an emphasis on local connection. The purchase was completed in December 2013, with the property let in early 2014.

The Trust estimate that up to 60 local families local families could benefit from this social new housing project over the 90 year life of the houses. Longer term, this new initiative could have a significant impact on the community, as it may allow more young people to live and work in the local area.

7. Evidence of community support and demonstration of need

In July 2017 NVLT instructed Dumfries & Galloway Small Communities Housing Trust (DGSCHT) to carry out the Needs and Demands Report. DGSCHT is a registered charity with the objective of assisting small rural communities in securing affordable housing suitable to their needs.

Dumfries & Galloway requires an increased supply of affordable housing options to ensure the sustainability of rural communities. The viability of amenities and services in rural areas depend on balanced communities made up of many different types of household. Its latest Local Development Plan is focussing on the provision of additional affordable housing . The survey was carried out with the aim to establish the suitability of current homes within the Closeburn area, to ascertain what types of housing, if any, would be most appropriate for the community and to discover the opinions of the community in relation to affordable housing.

Whilst house prices are lower in the region compared to the rest of Scotland so too is the average wage.

Tourism is an important part of sustaining rural regions like Dumfries & Galloway, and while the industry has economic benefits for rural communities there is also an impact on local residents attempting to purchase a property. The 2011 Census shows that of 67,980 occupied dwellings within Dumfries & Galloway, 2,071 were second or holiday homes. This has a knock-on effect for local residents, as often the presence of holiday homes will increase the price of housing within an area. Combining this issue with low wages makes it increasingly difficult for local residents to be able to afford properties, especially when factors such as travel, home energy costs and specific housing needs are considered.

There is an issue of outward migration, particularly prevalent with younger residents as a result of this inconsistency between housing costs and income. Many young people often go to university in the central belt and do not return until their mid 30's because of employment and housing issues.

Dumfries & Galloway also has a high number of older people living in rural areas. Elderly residents are finding more and more that their family homes are no longer suitable for their needs and the cost of running the house is too expensive for their income.

The Housing Needs Assessments consistently show a demand for affordable housing in rural parts of Dumfries & Galloway, and a significant shortfall in supply. With fuel poverty on the rise and an ageing population, there are real housing issues for rural communities across Dumfries and Galloway which must be addressed. (see accompanying document 5 Housing Needs and Demand Report with Survey DGSCHT July 2017)

The national trend shows that more young people are unable to purchase property, so there is an increase in demand for affordable homes to rent. It is therefore very important for rural communities to have high quality rental properties to meet the needs of the communities.

8. Evidence of need

NVLT has consulted widely with the community for housing needs through a Community Action plan (See accompanying document 6- see page 30 which show 80% of people surveyed rated housing as an essential or important local issue), Housing Needs Survey by DGSCHT (accompanying document 5 which highlights 85 on the local housing list) and through a series of presentations (accompanying document 7) in late 2017 and early 2018 to local groups and clubs. These all show high support and a need for more flexible and energy efficient homes at affordable rents. The most flexible and efficient passive homes are 3 bedroomed houses that suit both couples and families.

9. Project Detail

NVLT would like to build 3 terraced houses that could be rented to families who are unable to access good quality affordable housing.

NVLT's aim is to give opportunities to residents to stay in the local area so building social continuity, providing local businesses with a local workforce and insuring the survival of local community groups and clubs.

As of 1st April 2016 there were 85 applicants on the waiting list the Homes4D&G for Closeburn (see accompanying document 5)

NVLT identified a plot of land, Castle Crescent, which is currently owned by Dumfries & Galloway Council.

NVLT applied to the Scottish Land Fund for pre-acquisition costs which included having the land at Castle Crescent valued; and Rural Housing Fund conducting the housing needs survey and holding a public meeting for the community to discuss what type of housing they would like to see being developed on the site.

The community consultation ensured that the project has the backing from the community and also ensured that ideas from the community were given consideration. Subsequent

presentations to community groups in late 2017 and early 2018 have endorsed this information (see accompanying document 7 - Community Presentations) NVLT's current community owned house is rented out to a local family at an affordable rent level. They will look to continue with this ethos for the proposed development to ensure that local families can afford to stay in the area.

The Trust received a Wind Farm grant and also took out a mortgage from The Charity Bank to purchase the current community owned property. The Trust would look to repeat this model to ensure that the property could remain affordable in perpetuity. The Charity Bank has indicated their willingness to lend. (See accompanying document 11).

The piece of surplus land has been valued by an independent valuer at £30,000.

NVLT has had ongoing discussions with Dumfries & Galloway Council's Property Services. DGC is supportive of the project as it would meet local demand and fits strategically with DGC.

DGSCHT on behalf of NVLT has had discussions with DGC Strategic Housing Department and NVLT has agreed a purchase price of £15,000 with DGC using an asset transfer for the remaining 50%.

Planning Department at DGC has confirmed they would be able to support the principle of a residential development on the land.

Following the joint successful application to the Scottish Governments Rural Housing and Land Funds successful application, NVLT commissioned the following:-

- A site investigation – to ensure that the properties could be serviced correctly.
- Feasibility design – an architect has created a design of the buildings to fit in with the character of the village. see housing layout in ancillary document 10. This is currently being followed up by a detailed design by John Gilberts of Glasgow for 3 terraced houses of 3 bedrooms each of Passive energy standard.
- Community Consultation (See accompanying document 5), A valuation (Document 2) and this business plan.

Planning permission – full planning permission is required. A pre-planning enquiry has indicated no major impediment for housing. (See accompanying document 8)

Feasibility Activity supported by Scottish Land Fund and Rural Housing Fund

SLF	RHF
Community Consultation *	Site Investigation
Land Valuation *	Feasibility Design
Ground Design	Feasibility Costing
Business Plan *	Planning Permission
	Ground Survey *

*Completed and monies drawn down. Design elements to be undertaken in Phase 2 so that planning permission can be applied for.

10. Development and Management Strategy

NVLT plan to apply to the Rural Housing Fund for an anticipated amount of 70% with the remainder to come from a loan and community windfarm monies

NVLT already have a mortgage with the Charity Bank who have indicated their interest in financing this project. see accompanying document 11

NVLT would use the rental income to service the mortgage, repairs, bad debts and property management fees.

It is intended once the properties are built that Loreburn Housing will manage the property on behalf of NVLT who will pay them a management fee in a similar way to management of the existing property.

Funding has been factored into the budget to support the employment of a part time project officer for two years who will coordinate the project working alongside the NVLT board.

11. Project Process

John Gilbert is the leading Scottish architects for Passive housing. They can offer either a separate design service that is then put out to tender for building where NVLT would employ a QS and structural engineer to oversee the build or a design and build option using specialist passive house builders Stewart and Shields of Helensburgh who would employ the QS and Structural engineer.

Subject to value for money NVLT would like to take the latter option so better to guaranteed delivery but a tender document would be issued once the building warrant is obtained to include Stewart and Shield and other companies. The number of companies able to deliver good quality passive housing is limited. John Gilbert would work with whichever company was selected.

Gilbert have a standard 3 bedroom 'off the shelf' design that could be used for the layout of the site and sufficient to apply for planning consent. Once granted they would work with Building Control to agree technical issues to obtain a building warrant.

They would then provide a document that could be used by NVLT, working with Loreburn, in the tender process. Depending on builder selected they would then either directly supervise the build or if Stewart and Shield was selected oversee the build through S&S QS/engineers.

12. Project Partners

NVLT currently have a partnership with Loreburn Housing for their existing property. NVLT have been working with DGSCHT on this project and they will continue their support until it is completed.

Loreburn Housing currently manage the existing property on behalf of NVLT. This includes rent collection and minor maintenance.

Loreburn are keen to partner with NVLT as the passive housing concept is a new one for affordable housing in this region.

Loreburn is unable to provide a person for a development role but would assist NVLT in finding and supporting a suitable individual. They would also provide a part- time housing officer (Nadine Paterson, who knows the area, NVLT and DGSCHT). for the project duration they will also provide access to their design/housing team for advice on tendering and other procurement aspects.

NVLT has an agreement with Loreburn (Galloway Homes) to collect rent and handle maintenance and minor repairs. Loreburn has agreed that this factoring agreement can be extended to the additional homes.

13. Budget & Costings

Nith Valley Leaf Trust			
Castle Crescent Community Owned Houses			
		YEAR 1	YEAR 2
Income	Notes See Below		
Grant - Scottish Land Fund	1	£ 68,400.00	£ -
Grant - Rural Housing Fund	2	£ 262,500.00	£ -
Loan		£ 119,730.00	£ -
Rent	3	£ -	£ -
Clyde Windfarm Community Fund		£ 52,500.00	£ -
Additional Grant		£ 15,000.00	£ -
Total Income		£ 518,130.00	£ -
Expenditure			
Legal Fees (Land)	4	£ 1,000.00	£ -
Legal Fees (Housing)		£ 3,000.00	£ -
Building Warrant		£ 3,000.00	£ -
Architects/Professional Fees (up to Building Warrant)		£ 30,000.00	£ -
Architects/Professional Fees (after Building Warrant)		£ -	£ 20,000.00
Loan Arrangement Fee		£ 897.98	£ -
Build Costs	5	£ 275,000.00	£ 100,000.00
Build Costs Contingency		£ 10,000.00	£ -
Ground clearance		£ 15,000.00	£ -
Land purchase		£ 15,000.00	£ -
Property Management Fees	6	£ -	£ -
Sinking Fund	7	£ -	£ -
Project Officer (Part time)		£ 10,000.00	£ 10,000.00
Office costs		£ 2,500.00	£ 2,500.00
Training (Project Officer)		£ 1,000.00	£ -
Training community volunteers		£ 1,000.00	
Employers Liability Ins		£ 1,000.00	£ 1,000.00
Travel costs		£ 500.00	£ 500.00
Capital Repayment	8	£ 1,932.03	£ 2,014.14
Interest Payment	8	£ 5,088.53	£ 5,006.41
Bad debts/Voids	9	£ -	£ -
Total Expenditure		£ 375,918.53	£ 141,020.55
Difference		£ 142,211.47	-£ 141,020.55
Balance		£ 142,211.47	£ 1,190.92

This is the budget for the first two years of the project which includes the purchase, build costs and other associated costs in relation to the project. Please read alongside the full budget spreadsheet in the appendix which has a 30 year term to show the repayment of the mortgage. Explanation of items are detailed overleaf.

Grant – Scottish Land Fund – NVLT are applying to the SLF for the land purchase, legal fees (land), architect/professional fees (up to building warrant), project officer costs over two years, office costs over two years, training and employers liability insurance. Total of £76,000, less 10% NVLT contribution £68,400.

Grant – Rural Housing Fund - Amount is based on £78,000 x1.155 (per property for 5 person using £4k above RSL social rent – greener).

Legal fees – Based upon £1,000 for the land purchase, £1,000 per property.

Build costs – Assumed £130,000 per property which includes £5,000 per property for land clearance.

Property management Fees – Based on £60 per month per property (using the current rate charged to NVLT for one property). The cashflow shows an increase of 1% per annum.

Capital and Interest repayments – based on a 4.25% interest rate on a repayment basis.

14. Project Plan

Key Activities	Start Date	Finish Date	Responsible for Delivery
Acquisition of land/Legal negotiations NVLT/D&G Council	01/05/2018	01/09/2018	Mike Steele/K McLean (Pollock & McLean)
Complete design, apply and secure Planning Consent	01/05/2018	01/10/2018	John Gilberts/NVLT
Complete technical design and building warrant	01/10/2018	01/01/2019	John Gilbert/Mike Steele
Recruit Development Officer	01/08/2018	31/08/2018	NVLT/DGSCHT
Design & deliver training courses	01/09/2018	30/03/2019	Development Officer
Housing funding secured	01/06/2018	30/09/2018	NVL/Development Officer/DGSCHT
Building contract tenders issued and contract awarded	01/06/2019	30/03/2019	Mike Steele/DGSCHT
Construction started	01/05/2019	01/11/2019	John Gilbert/Builder/ Development Officer/Mike Steele
Houses completed and occupied	01/11/2019	01/12/2019	Development Officer/Mike Steele/DGSCHT

15. Risk Management

Risk	Mitigation
Finance – Unable to access all funds	Training and support will be given to the project worker for grant funding applications.
Environment – environmental issues discovered during land clearance	Relevant land surveys will be carried out by qualified surveyors.
Physical injury during works	A CDM coordinator will be allocated to ensure that construction health and safety is adhered to during the build process.
Builders insolvency	Thorough tender process including reference requests and a robust contract will be put in place.
Adverse weather causing construction delays	Ensure that the wind and water proof stage takes place during summer months.

16. Conclusion and Legacy

The project will directly benefit local families who will have the opportunity to become tenants indirectly improving the capital value of the whole local community of 800 by the acquisition of valuable assets. Over the lifetime of the mortgage NVLT expect to help a series of local families to be able to stay living in the parish by renting their houses at affordable rent levels and therefore using the time in the houses as a springboard to owning their own property. NVLT anticipate that there is likely to be around 24 families to live in the houses if the average renting period is three years during the term of the mortgage. Of course, the project will continue beyond the mortgage term so will help many more families and especially young people to remain living and working in the area.

Beyond the mortgage term the surplus income will be used to purchase additional housing.

Creating opportunities for young families to stay in the village will help support existing village amenities such as the primary school, the village hall and the church.

Being given some control over local housing availability and being “owners” of houses will foster local pride and will contribute to the social and economic life of the area over the long term.

Accompanying Documents

1. Thirty year cashflow January 2018 – January 2018
2. Valuation – DM Hall – November 2016
3. Feasibility Report – Asher Associates
4. Soil removal cost estimate – Asher Associates
5. Closeburn Housing Needs and Demand Report with survey – DGSCHT
July 2017
6. Community Action Plan - (CARES) Community Links Glasgow – March
2017
7. Community presentations by NVLT
8. D&G Planning Enquiry – response Dumfries & Galloway Council
9. Maps for site and utilities SP Energy Networks/Scottish Water
10. Draft housing layout – Asher Associates
11. Outline mortgage options – Charity Bank
12. Factoring agreement NVLT/Loreburn Housing (Galloway Homes)
13. Typical house plan – Passivhoos 02 – John Gilbert Jan 2018
14. Job Specification Development Officer
15. 15. NVLT Accounts year ending October 2016