

Business Plan for Bridport Cohousing Limited

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1. Introduction

- 1.1 This business plan has been drawn up by Bridport Cohousing Limited (BC), an organisation which has establishing a new cohousing neighbourhood on a site next to Bridport Community Hospital on the northwestern edge of the town.
- 1.2 Cohousing involves a mixture of different types and tenures of houses and flats and a range of shared facilities. All the housing will be affordable rent or affordable shared ownership. Bridport Cohousing will retain ownership of the freehold and own and manage the landscape and the shared facilities including a Common House, food growing areas, orchard, shared transport, and laundry.
- 1.3 BC has been working since 2008 to achieve its aim of creating an affordable and sustainable cohousing neighbourhood to house people from Bridport and the surrounding area.
- 1.4 The development is nearing completion with 39 of the 53 houses occupied and the remaining 14 flats due to be completed and occupied in late September 2023.
- 1.5 The business plan is focussed on the plan for the provision and management of the common facilities across the estate, in particular the common house and guest rooms.

2. Project description

- 2.1 The objective was to create a community of affordable properties with a mixture of tenures, ages, and families, known as Hazelmead. The residents would live in or have a link to the Bridport area, and be willing and able to contribute to the management and maintenance of the neighbourhood.
- 2.2 Bridport Cohousing Ltd was registered as a Society for Community Benefit with the Financial Services Authority (now the Financial Conduct Authority) in March 2012.
- 2.3 BC completed the purchase of a seven-acre field at Mead Lane, located to the west of Bridport Community Hospital, in September 2019. In partnership with Bournemouth Churches Housing Association (BCHA) will complete the construction of 53 houses and flats at the end of September 2023.
- 2.4 Full planning permission was granted for 53 houses and flats and a Common House in two parts in January 2017 and July 2019. The development comprises 14 flats and 39 houses, plus two guest bedrooms and the Common House. All housing is either affordable shared ownership or social rent. The houses are built to the AECB energy efficiency standard and energy is provided via a microgrid owned and operated by Hazelmead Community Energy. The microgrid is supplied with energy from PV panels, an onsite battery store and a connection to the national grid.
- 2.5 The Common House will act as a hub for the neighbourhood. It will be used by approximately 120 residents and will be available for use by the wider community of Bridport. It will contain a large hall, kitchen, office, activity room, and laundry room. The grounds of the cohousing neighbourhood have been designed to include shared gardens, play areas, an orchard, cycle parking, a workshop, and electric car charging points.
- 2.6 A community share offer was launched in late 2021 which raised £358,000 for the repayment of loans and the cost of the Common House and the guest rooms. A further private offering has been opened to run between Sept 2023 and Oct 2023 to provide existing investors and supporters to increase their level of investment.
- 2.7 The development has been undertaken in partnership with BCHA who have been able to access Homes England grant funding for the development. BC sold 39 plots to BCHA under a 999 year lease and these houses and flats were built by BCHA with grant funding. BC have built 14 houses and sold these as 80% shared ownership units.
- 2.8. All residents have to be members of BC and comply with byelaws set out by BC and fully participate in the management of the neighbourhood. The resale and reletting of all properties is controlled by a local lettings policy which prioritises the allocation to local people in housing need.
- 2.9 Hazelmead is providing an example of affordable and sustainable living which other communities can learn from, and regular workshops are planned to share our experience. There is also an ambition to support other sustainable living initiatives in Bridport and community-led affordable housing in Dorset.

3. Project timeline: 2012 to 2023

March 2012 Bridport Cohousing Ltd registered as a Society for Community Benefit

October 2014 Planning application submitted for 39 houses and flats and a Common House

January 2017 Revised planning permission granted with conditions

January 2018 Community loan issue launched for purchase of land

March 2018 Access agreement signed with Dorset Healthcare University NHS Trust

April 2018 Purchase of Phase 1 land completed

April 2019 Heads of Terms with BCHA for lease and development agreement signed

July 2019 Homes England grant for social housing approved

July 2019 Full planning permission granted for Phase 2 for 19 affordable properties

September 2019 Purchase of Phase 2 land completed

June 2020 BCHA signed contract with C G Fry & Son Ltd for infrastructure and 39 properties

October 2020 BC signed contract with C G Fry & Son Ltd for construction of 14 properties

December 2020 Groundworks completed

February 2021 First timber frames arrive on site

September 2022 First terrace occupied

July 2023 Completion of 39 houses

August 2023 Planning approval of revised common house design

End Sept 2023 Expected Completion of 14 flats for BCHA

October 2023 Expected purchase of guest rooms from BCHA

4. Planning

- 4.1 All planning conditions for the residential use have been discharged and all sewers and drainage have been adopted. The estate road and parking have not been adopted.
- 4.2 The guest rooms and common house are permitted under the original permission WD/D/16/002087 dated 18 January 2017.
- 4.3 Subsequently a new permission was granted for a revised design for the common house – P/FUL/2022/05268 which omitted a use restriction in the original application.
- 4.4 The approved plans were subsequently varied by application P/VOC/2023/03227, approved on 18 Aug 2023, with a condition to approve external materials.

5. Construction of the common facilities

5.1 The two guest rooms are being constructed as part of the BCHA build contract and due to be completed at the end of September. BC then have 6 months to complete their purchase from BCHA at a pre-agreed price of £146,000.

5.2 The Common House has been redesigned by Barefoot Architects and is now being constructed by Common Practice, a Bridport based architectural and construction practice which specialises in community led self-build using locally sourced sustainable materials. It is being constructed in three phases.

Phase 1 – August to October 2023 – main hall and kitchen: foundations and watertight shell.

Phase 2 – November 2023 to January 2024 – main hall and kitchen: internal fit-out and mechanical, plumbing and electrical installation.

Phase 3 – February to April 2024 – meeting room and office.

5.3 The common house is being constructed as a timber-frame building with strawbale infill, external lime render and internal clay render. The design has been assessed and is predicted to achieve an energy rating of A. There will be a large PV array on the roof which will be funded by Hazelmead Community Energy.

5.4 The design has been developed by Common Practice Ltd with advice from Barbara Jones of Straw Works, Silva Studio Architects and Studio Dash, Chartered Engineers. All professionals have been appointed using standard letters of appointment. Barefoot Architects remain involved as Principal Designer. JHA1 are appointed as independent building inspectors.

5.5 The construction is being managed by TOR Construction Ltd who are the Principal Contractor. Common Practice are making and erecting the timber frame, roof covering, installing windows and undertaking finishing works. The School for Natural Building (SNaB) is undertaking four courses which deliver the foundation installation, strawbale walls and lime and clay renders using a mixture of professionals, volunteers and trainees. These works are covered by a SNaB two-year defects guarantee.

5.6 The mechanical and electrical services will be undertaken by a single contractor to be appointed in October. A tender has been issued to the M&E contractor that has undertaken the M&E on the residential development.

5.7 The cost plan for the build of the common house has been developed based on fixed prices from TOR Construction, Common Practice Ltd, and supplier quotations:

Phase 1 – main hall: watertight shell – £240,539

Phase 2 – main hall: M&E & fit-out – £83,549

Phase 1 & 2 – main hall complete internal area of 107sq. m. – £324,088

Phase 3 – meeting room and office internal area of 57sq. m. – £134,624

BC is currently VAT registered and so able to reclaim all input VAT associated with the build costs.

Summary costs			Shell	Fit-out
			Phase 1	Phase 2
			Aug to Oct	Nov to Dec
Design Planning Fees		£47,883	£47,883	
Superstructure		£112,589	£94,149	£18,440
Materials		£48,188	£48,188	
Substructure & Service Connections		£8,216	£8,216	
M&E		£30,130		£30,130
Fit-out		£61,649	£30,649	£31,000
Total		308,654	229,085	79,570
Contingency	5%	15,433	11,454	3,979
Total Ex Vat		324,086	240,539	83,549

6. Funding the common facilities

Borrowing required

- 6.1 The purchase of the guest rooms will be funded from a bank loan at 80% of the purchase price and the remaining £29,000 coming from share equity held.
- 6.2 The phase 1 Common House build is being funded from the share equity currently held.
- 6.3 Phase 2 & 3 Common House build requires a bank loan of £350,000 and additional share equity raised of £35,000.
- 6.4 The share equity will be paid a 4% annual interest from March 2024 onwards.
- 6.5 The bank loan will be serviced with income from service charges to be paid by leaseholders annually.

Security for borrowing

- 6.6 The construction and leasehold sale of the 14 houses owned by BC has been completed. The society has retained ownership of 20% of the equity in each property. It receives an annual rent on this retained equity. The rent is raised in line with annual inflation.
- 6.7 The value of the retained equity of the 14 shared ownership properties was independently valued by Connells in 2020 at £350,000.
- 6.8 The two guest rooms (51m²) can also be included in the value of security as a two-bed two-person flat, at approx. £175,000.
- 6.9 The common house now has permission as a stand-alone building with no planning restrictions as to its use and so can also be included valued for security purposes for commercial use.

Long-term income to support borrowing

- 6.10 A detailed Income and Expenditure projection over 30 years has been prepared to show how BC can finance a mix of bank borrowing and community shares from a variety of income sources.

Funding source	Likely annual income
Ground rent fixed at £100 per year per dwelling:	£5,300 per year
Rent at 2.6% of the value of the unsold equity on 14 shared ownership properties	£17,808 in 2023
Membership fee from 73 adult members at £120/ year	£8,760 per year
Hire charges to members and non-members for use of the guest rooms and Common House	£11,440 in 2024
Service charge paid by all residents for provision and maintenance of all shared facilities including the Common House and guest rooms	£57,073 in 2024

- 6.11 The interest due on bank borrowing and community shares will be mainly paid from the service charge which is levied on all residents and varies according to the size of their property. The leases for all properties include a clause which specifies what costs will be included in the service charge and this includes the costs of borrowing to provide the common facilities. The service charge also includes other costs such as managing the estate roads, parking areas and landscaping.

- 6.12 As a result of this structure, a large proportion of the service charge will be finance costs. Detailed research and legal advice have confirmed that these are eligible costs to include in a service charge. These charges are allowable under the regulations governing service charges and eligible for Housing Benefit and Universal Credit support payments. Service charge income is generally considered a secure income source since it is an obligation in the lease. In this case, there are 15 leaseholders: BCHA, which holds the head lease on the 39 properties, and the 14 shared ownership leaseholders. There is an allowance for voids at 2% of the rental and service charge income.
- 6.13 The repayment of bank borrowing and withdrawable shares has been allowed for by setting aside a sum annually for repayment. The total sum for capital is calculated based on a 35 year term for the bank borrowing and repayment of community share capital over 35 years. It is planned to progressively reduce the size of the community share capital by repayment of shares when members apply to withdraw their shares and not issuing new replacement shares. This will gradually reduce the cost of annual share interest payments.

Service charge details

- 6.14 The service charges have been projected based on an estimate of costs. The experience at other cohousing schemes has informed this, in particular the Threshold Centre in Gillingham, Dorset, which has been in operation for 10 years.
- 6.15 The annual service charge will recover the cost of the provision of shared services which will include the management and upkeep of roads, paths and parking spaces, the common parts of flats, as well as refuse and recycling stores, estate lighting, and all matters to do with health and safety of the estate.
- 6.16 The service charge has been calculated on a square metre basis. The financial model assumes that £14.77 per square metre per annum will be charged according to the size of property. This will cover the cost of providing and servicing the common parts.
- 6.17 In the 2027/28 financial year, this will also cover the cost of building up a sinking fund which will be built up to cover the cost of major repairs to shared spaces, particularly the roads and car parking.
- 6.18 It is expected that the voluntary input by residents, including both practical and managerial input, will help to keep this cost as low as possible.
- 6.19 The estimated costs service charge for 2023 are as follows:

	Area sq m	£ per year
1 bed 1 person flat	40	591
1 bed 2 person flat	51	753
2 bed 3 person house	71	1,049
3 bed 5 person house	93	1,374
4 bed 6 person house	117	1,729

Management of common facilities

- 6.20 The organisation of the management of the estate for which the service charges can be made will be overseen by a newly formed estate management committee of the Society. This committee has an independent chair with expertise and experience in residential estate management. The terms of the committee are set out in an amendment to the Society Rules which have been approved by the Financial Conduct Authority under the sponsorship of Wessex Community Assets. The committee will have equal representation of BCHA and BC members.
- 6.21 The BC Finance committee oversees the collection of rents and service charges from shared owners and makes sure this is done on a monthly basis and that action is taken to address late payment of rent or service charge.
- 6.22 The organisation of the hiring of the Common House, guest rooms and the use of other shared

spaces – including food growing and the open space – will be organised by a new Cohousing Facilities Circle. The details of each income stream are given below.

6.23 BC management will have the option, if required, to draw on three other income streams to ensure the share interest payment can be maintained:

- rent on unsold equity
- hiring of space in the Common House and guest rooms
- annual membership from adult resident members and non-resident members.

6.24 Rent on unsold equity. This is based on 14 purchasers who have purchased 80% of the Open Market Value. The financial model assumes that rent is charged at 2.6% per annum and is increased in line with inflation. The lease fixes the rent, and it can be increased by no more than the Consumer Price Index per year.

6.25 Hiring of Common House and guest rooms. There is significant scope for hiring the Common House. It will have three rentable spaces: the main hall, an office space and an activity room. The existing membership has been surveyed to assess the potential demand from residents who work from home and would need to rent a desk in a shared space or who currently hire a hall for activities which they organise, such as yoga or dance classes. The experience of BC members over the last 10 years is that there is very high demand for good quality accessible venues suitable for community events in or around Bridport, and venues are often booked months in advance. The main hall will be well equipped with a kitchen and disabled access, and is a unique venue with plenty of outside space.

6.26 Hiring of guest rooms. The likely demand for use by members was assessed in November 2019 and discussions held with the Tourist Information Centre about demand for bed and breakfast facilities in the area. The intention is to preferentially rent to residents' guests and to then fill the voids with non-resident tourist bookings. Guest rooms are likely to be in high demand all year round. Given the size of the neighbourhood, it is expected that there will be very high demand for the guest rooms from residents. However, the figures below assume a much lower projected demand as there is, as yet, no experience of hiring the facilities.

6.27 Annual membership. All active members currently pay an annual £120 subscription. This plan is projecting a reduction to £75 per annum in the interests of reducing costs to all households.

7. Structure and governance

7.1 Structure. Bridport Cohousing is an incorporated entity, registered as a Society for Community Benefit and regulated by the Financial Conduct Authority (FCA). It has the constitution of a Community Benefit Society and is owned by its members on a one-member one-vote basis, irrespective of shareholding. Membership is open to anyone who supports its aims and objectives. Operating as a Community Land Trust (CLT), it aims to acquire, develop, and manage affordable housing and protect its housing from the speculative market.

7.2 Rules. Bridport Cohousing was registered in March 2012 using a set of pre-approved model rules developed by Wessex Community Assets. There followed a complete amendment to the Rules in February 2021: bridportcohousing.org.uk/rules.

Our Rules include provision to issue a form of shares to members, known as withdrawable share capital, which is unique to Registered Society law. Withdrawable share capital, also known as community shares, can be withdrawn from the society by the member, subject to terms and conditions. The liability of its members is limited to the value of their shareholding and the value of members' community shares will never go up, but the value may go down.

A Byelaw was approved by directors on 24 April 2021 defining the way in which members can become more actively involved in the running of the society which includes an agreement to be signed by members seeking to be active members. The Byelaw and Active Member Agreement Form A1 can be viewed on the BC website: bridportcohousing.org.uk/byelaws.

7.3 Policies and Member agreements. BC has developed a suite of policies to give all residents and external partners clarity over important and sensitive issues. These policies are reviewed each year by members. The policies that have been approved are available on the BC website: bridportcohousing.org.uk/neighbourhood-policies/.

7.4 Asset Lock. The BC rules include an Asset Lock which means the society can only use its assets for community benefit. In particular:

- The only payments that can be made to members are to the value of their withdrawable share capital or interest on that withdrawable share capital.
- The residual assets of the society on winding up cannot be transferred except to another organisation whose assets are similarly protected.

7.5 Governance. Good governance is critical to the success of any enterprise and is particularly important in an enterprise which is owned by many people. It is vital to balance the needs and aspirations of all members in a way that also allows the membership to participate in the decision-making process. It is also vital that the organisation is legally compliant and financially sound, and that this occurs by design and not by accident.

BC aims to ensure clear channels of communication and fair and effective decision making using a system of governance called Sociocracy. Sociocracy fosters and balances equivalence and effectiveness, giving space to all voices, and devolving decision-making to those affected. All active members can contribute their skills to the project through different governance circles and work circles.

7.6 Member Participation. All members are encouraged to participate in and support the society. There are three levels of increasing participation.

At the first level of participation, a member joining through this share offer holds at least the minimum shareholding for membership and supports the aims and objectives of the society. There is no ongoing subscription or other requirements related to this first level of participation. Members will be invited to open days where they will be able to experience for themselves what cohousing is actually like, maybe stay in one of the guest bedrooms and join a shared meal in the Common House – even help prepare that meal. They will also be able to enjoy the benefit of being able to hire the common facilities (rooms in the Common House or guest bedrooms) at the same preferential rates as full resident members.

All members (including all residents) will automatically become part of the **General Circle**. This meets for Special General Meetings and Annual General Meetings (AGMs). It is also convened when important decisions of the management need to be checked with all members. In this respect, they will form the equivalent of Special General Meetings.

Additionally, should they wish, members can nominate themselves to be a **director** and take part in the elections at AGMs. The **Directors' Circle** is responsible for managing the affairs of the society on behalf of the membership. A member must find both a proposer and a seconder from the membership to be nominated to the Directors' Circle. There is an election process for directors which is undertaken at the AGM. One third of the directors stand down at each AGM and can stand for re-appointment.

At the second level of participation, a member must progress through an application process and induction process described in the Byelaws (bridportcohousing.org.uk/byelaws) which involves a work commitment and an ongoing £10 per month subscription. The member is then considered an **active member**.

Potential active members are invited to attend open events held regularly for interested people. After they have attended several events and a shared meal to meet as many members as possible, they complete an application form explaining why they want to become residents and what skills and interests they can offer. They are assigned an established member 'buddy' who is there to provide support and guidance.

The **Active Members' Circle** meets regularly for members to review progress, keep informed of the work of the other circles and to build social connections between members. Active members may choose to make an ongoing commitment to participate in other circles and their development. They may choose something that stirs their interest or would benefit from their experience and skills.

The circles they could join, in addition to those at the first participation level are:

Management Circles

Coordinating Circle meets every month and deals with the day-to-day management of the society and is empowered to take decisions on behalf of members. The circle has representatives from the other lower-level work circles with more specific responsibilities, so it has an important role in coordinating the work of those other circles.

Estate Management Circle is a committee of BC required by our Rules. It comprises 50% members and 50% BCHA representatives and is chaired by an independent chair. It ensures the proper maintenance and management of the common parts of the estate for the benefit of residents and ensure management works are carried out in a timely and efficient manner, and with due regard to principles of cohousing, environmental sustainability, and health and safety.

Nominations Circle is a committee of BC that contains one representative from each of the parish council, Dorset Council, and BCHA, together with three resident BC members – one of which must be a director. This committee is detailed in our Rules and will consider applications from potential residents and nominate those that conform to the [local lettings policy](#) for allocation of a property from the available housing. This policy ensures that the homes are allocated fairly and transparently. It has been agreed with BCHA, the parish council, and Dorset Council. We endeavour to meet the housing needs of the local community first, and are committed to diversity being a key element in this intergenerational community.

Work Circles

These have responsibility for specific areas of the organisation and can create sub circles to work on particular tasks.

Buildings Circle is responsible for everything to do with the built environment during development and after completion. During development of Hazelmead, it is also responsible for liaising with BC's professional adviser, its Employers Agent, and the main contractor. Once the building is complete, this circle will review its function and clarify its relationship with the Estate Management Circle.

Communications Circle is responsible for facilitating effective and compassionate communication within BC through developing and maintaining systems, processes, documents, records, and

information using a variety of media, so that BC members are informed and effective. It is also responsible for ensuring that those outside of BC have access to and understand information about BC, its purpose and the ways it operates.

Community Circle is responsible for nurturing membership and fostering harmonious relationships within the Hazelmead community and with the wider community, through supporting members and their families, managing the membership processes, arranging social events, and overseeing training and Sociocracy development.

Environment Circle is responsible for developing and maintaining the environment and includes managing the use of the Hazelmead grounds, improving the neighbourhood, growing food, reducing the effect of neighbourhood transport on the environment and protecting local wildlife.

Finance Circle is responsible for considering and recommending major financial decisions, overseeing the budgets of all circles, liaising with our project manager, bookkeeper and financial adviser, setting up and operating our financial systems during the development and residential phases, approving payments from BC to our agents, suppliers and contractors and disseminating financial information to members and circles.

At the third level of participation, an active member can apply to become a resident and needs to go through a process of nomination and allocation as explained in our local lettings policy.

All residents are required to become members. Residents pay an ongoing service charge as part of their lease and may choose to make an ongoing commitment to participate in other circles and their development.

7.7 Directors' Circle. The Directors' Circle is responsible for managing the affairs of the society on behalf of the membership and to report back to the General Circle in exactly the same way as a management committee is responsible for managing the affairs of a limited company reporting back to members at a General Meeting.

The directors may co-opt directors to the Directors' Circle with appropriate skills and experience. Co-opted directors need not be members. Co-opted directors may attend and speak at Directors' Circle meetings but have no vote. They must stand down at each AGM, although the Directors' Circle may re-appoint them.

7.8 Current directors. There are currently five directors: four are members and one has been co-opted for their experience of working for Registered Providers of social housing, such as Housing Associations. They are:

Julian Jones: Treasurer, Chair: Julian is a retired civil servant and local government officer and has spent three years seconded to the Royal Commission on Environmental Pollution, working on the landmark Transport and the Environment report. He has held the position of Treasurer in three organisations, including Bridport Cohousing Limited.

Monica King, Secretary: Monica is a retired higher education administrator. She has developed organisational skills in various roles, managing teams and HR processes within large and small organisations. She has had Sociocracy training.

Judith Griffies: Judith has retired from teaching and currently works part time in care and hospitality. Her previous employment has been in counselling, training, social and community work. She has lived in the area for 37 years with her family. For seven years, Judith was a director of another rural CLT which built eight affordable homes. She is an experienced leader, organiser and administrator and has had Sociocracy training.

Vince O'Farrell: Vince lives in Bridport and is a founding board member of Symene CLT Limited, another local community-led affordable housing project which was completed in 2015. He was previously a software developer, project manager, and primary school teacher. He is also Secretary or Treasurer of several other volunteer-led organisations and charities in Bridport.

Phyllida Culpin, Non-Executive Director: Phyllida has a background in regeneration social housing, community development, and social inclusion. She is currently a Non-Executive Director for Magna Housing and an independent member for Catalyst Housing. She holds other roles for housing-related organisations in the area.

7.9 Conflict of interest. A record of the directors' interests is held and reviewed at each meeting of directors, and these are recorded in the minutes of the meetings. If these interests have the potential to conflict

with decisions at the meeting, those directors exclude themselves from that part of the meeting.

- 7.10 Professional advisers. Directors are supported by a group of professional advisers co-ordinated by Charles Couzens and Alan Heeks of the Rural Renewal Company who have extensive experience and knowledge in the arena of community led development and cohousing.

Alan Heeks led the development of the Threshold Cohousing community and managed the development of the scheme, including acting as employer for the works. He holds an MBA from Harvard and was formally a director of a PLC construction materials supplier.

Charles Couzens was a Director of Ecos Trust and developed several innovative housing developments in the southwest between 2005 and 2010. He is now Managing Partner of a construction management company for a multi-million-pound redevelopment of a site in the Strand in Central London. Charles Couzens has been the lead project coordinator on the project since 2016.

Sam Goss of Barefoot Architects Ltd is the Architect for the whole development.

Andy Lloyd, an accredited community housing adviser, prepared, and reviewed the project business plan.

Legal advice was provided by Peter Cooper and Sonya Bedford of Stephens Scown of Exeter.

BC's auditor is Nigel Harris of Burton Sweet of Shepton Mallet.

- 7.11 Partnerships: Bridport Cohousing is working in partnership with Bournemouth Churches Housing Association (BCHA). BCHA is a not for profit, registered provider of social housing that has been supporting the local community, including those experiencing homelessness, for the past 50 years. They are building the homes for social rent and the homes available for shared ownership through the government Help to Buy scheme, but are not contributing to the costs of the common facilities at Hazelmead. BC and BCHA are now working together to manage the neighbourhood as residents move in.

We are also working in partnership with the NHS to provide six affordable houses for rent to staff working at the hospital and locally.