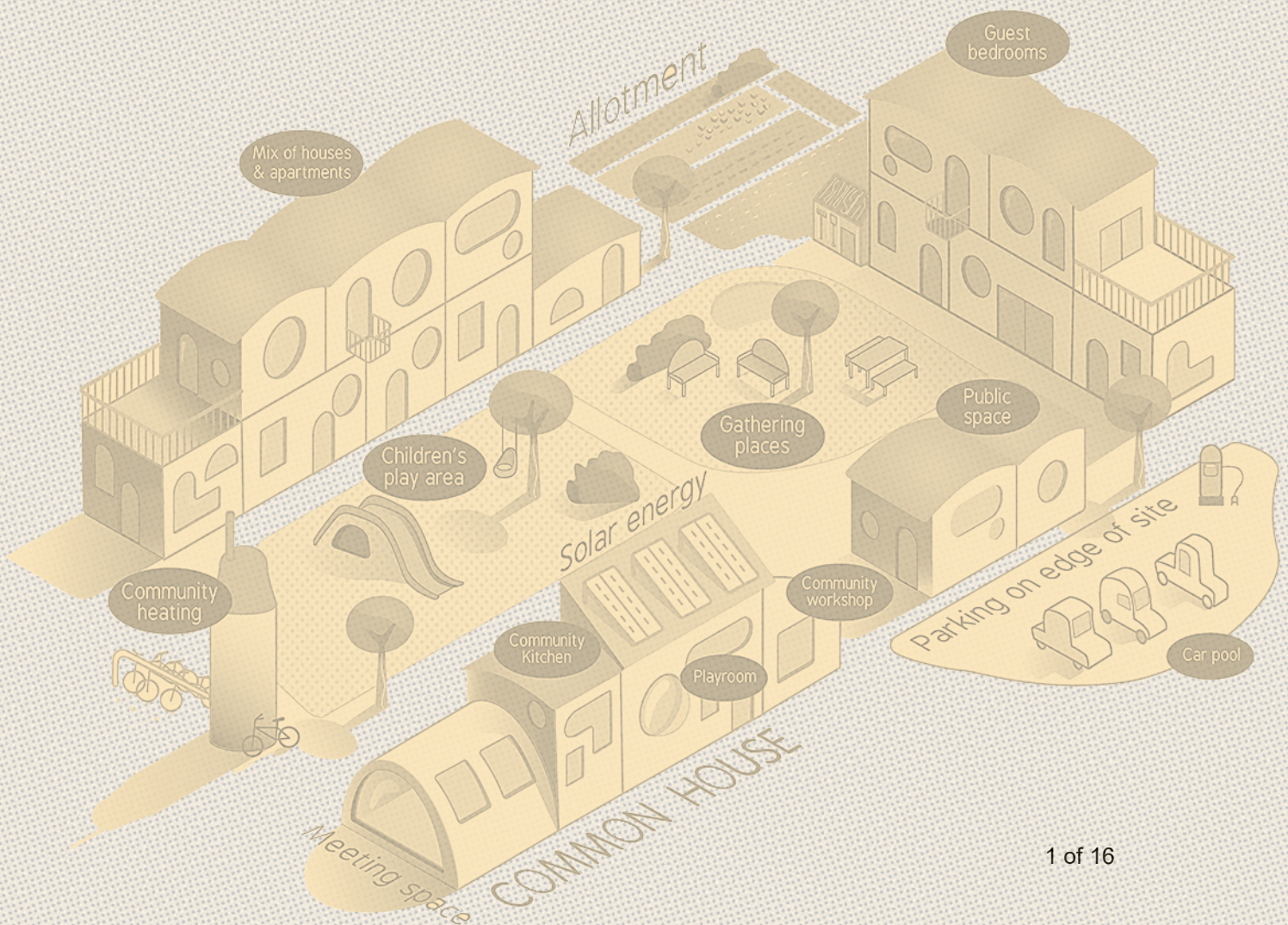


PROGRESS REPORT

Project: Falcon

Site: Brigantine, Penryn

Revision	Status	Date	Author
P01	S3 -Review & Comment	21.012.2022	Miguel Fernandez (Secretary-ACTF.)



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1. EXECUTIVE SUMMARY

This report confirms that the costs and conditions have been met for **Ambos' Falcon Project: Brigantine**, in relation to stage B(i) funding received from Resonance (*Community Land & Finance Ltd*). Secondly this report should help members understand what has been happening and where things stand.

Before we get into things, Ambos would like to thank all its members who donated so graciously to our match funding appeal and acknowledge the countless voluntary time members give to moving this project forward. We particularly would like to thank Sarah Butter who worked so cheerfully on bringing our governance policies up-to-date.

Ambos' First AGM saw Matthew Thomason & Eve Bourrat joining the board, filling skills gaps previously identified. Their move from Ambos Project Services, brings the board up to a strong five, Miguel Fernandez, George Gillow and Leo Forster being the others. Further efforts to bring financial and administrative skills to the board will be a priority in 2023.

The budget for this first phase of the project was set at £27,500, which included 10% community match funding, and relied heavily on volunteer time. The project's current spend- as of 21st December 2022 is **£28,368.84**¹. The overspend of £1,118.84 was in relation to having to submit on an 'All Matter Reserved' Planning application within 8 weeks prior to the end of the Option Agreement, to ensure the Option Agreement backstops would be valid².

The project currently has a construction cost of **£3,712,000 with** a funding gap of £800,000, even with a potential grant income of £1.2M from Homes England³. Initial development appraisal summaries from Coastline Housing and CoHo Ltd, have indicated a significant negative Net Present Value (NPV). Variables remain unexplored which could swing the figures toward a viable proposal. For instance, the potential of loan stock or community shares and crowdfunding to make up contributions. Also emerging is an imperative to explore a Custom & Self Build option, using Modern Methods of Construction (MMC), which could help access innovation funding and offer Penryn residents a chance to join in on the design and build process.

Ambos' community engagement efforts have focused on supporting community workshops in partnership with the Rynzine project, which have explored the theme of the housing crisis in Penryn. Ambos also collaborated with Falmouth University's Architecture school second year students to explore over forty designs for the brigantine site and presented by Ambos to the public during one of the Rynzine workshops⁴. The students will continue to work on the technical delivery aspect of their proposals, which Ambos hope to use to further engage members and the wider community with the Brigantine Coho.

Onwards!

¹ The total includes spending of B(i) Tranche 2 elements, paid from the community match funds.

² The overspend is associated with Tranche 2 (Conditions subsequent criteria)

³ Based on Coho Ltd report- Option 2: rental model funding gap of £2M minus £86K grant per unit (x14) derived from preliminary discussion with Homes England.

⁴ Rynzine is a local magazine that goes out to all Penryn households by volunteers in Jan/Feb 2023– visit www.Rynzine.org.uk

2. B(I) TRANCHE 1 FUNDING EXPENDITURE BREAKDOWN

2.1 PROJECT SCOPING COSTS (BUDGET £7,500)

DEVELOPMENT APPRAISAL	
Project Management (combined tender) – Barefoot Architects Ltd. Crossley Hill Ltd.	£7152.00
QS - budget cost estimate (combined tender) – Barefoot Architects Ltd. Crossley Hill Ltd.	
Concept Design (combined tender) – Barefoot Architects Ltd. Crossley Hill Ltd.	
Site assessments/surveys:	
• Flooding Drainage - Engineering & Development Solutions Ltd (Letter of Reliance)	£252.00
• Ecology Extended Phase 1 Survey- Spalding Associates (Environmental) Ltd.	£ 434.76
• Development Appraisal 1 & OMV values (Coastline Housing)	£0.00
• Development Appraisal 2 (CoHo Ltd / People Powered Homes Ltd)	£250.00
Energy Scoping – Community Energy Plus Ltd.	£0.00
Land Searches – Ambos Project Services Ltd.	£1000.00
SUB TOTAL	£9,088.76

2.2 LEGAL & PROFESSIONAL COSTS (BUDGET £7,250)

OPTION AGREEMENT COSTS	
Option Fee	£10,000.00
Hine Downing Legal Fees (landowner's Solicitors)	£3,606.00
Stephens & Scown Legal Fees (Ambos' Solicitors)	£2,400.00
Land Registry Title Purchase	£6.00
Pre-app & Planning Fee	£1586.20
Resonance Placement fee	£250
SUB TOTAL	£17,848.20

2.3 ASSOCIATED COSTS (CONTINGENCY £0)

COMMUNITY ENGAGEMENT CO-ORDINATION	
Rynzine – Community Workshops (Volunteer time) & Printing	£1000.00
Liminal – Community Engagement Consultation	£150.00
ASSOCIATED OPERATIONAL COSTS	
National Community Land Trust membership – Access to Governance Policy Templates	£46.88
ICO Registration (Data Protection) & Policy Writing	£35.00
IT Software & Webhosting	£225.00
Insurance (related to hosting public events)	£209.00
Sundries (parking, event stationary & snacks)	£16.00
SUB TOTAL	£1681.88

B(I) TRANCHE 1 FUNDING EXPENDITURE GRAND TOTAL	£28,618.84
BUDGET MINUS ACTUAL SPEND	-£1118.84

The additional costs incurred were related to Tranche 2 identified costs, but the necessity of needing a validated planning application submission, dated within 4 months of the Option Agreement start date, and Ambos' protracted efforts to raise the match funding, resulted in the need to commission an Extended Phase 1 Ecological Habitat Survey, and make payment of the planning fee. It was decided that some of the already raised funds should be used to ensure this backstop was available to the project.

3. CONDITIONS SUBSEQUENT TO B(I) TRANCHE 1

3.1 RELEVANT TRAINING COMPLETE (APPENDIX A)

A training morning for Board members was organised on the 24th of September at the Jubilee Warehouse. A CLT 'health check' provided by the National Community Land Trust Network, provided the board with a framework to assess the weakest links of the organisation. Ambos have recently joined the NCLT to access Governance support and resources to help build a more resilient organisation.

Critically, this training identified missing core policies that will safeguard members and guide the board as we move forward.

Since then, Sarah Butter has helped create a set of policies and is consulting with Diverse Regeneration Co. to ensure they are robust and fit for purpose. These policies, Appendix A, will be available via our website and formally adopted after Diverse Regeneration Co's review.

3.2 SIGNED OPTION ON LAND TRANSFER (APPENDIX B)

The 6-month Option Agreement terms exchanged between Ambos and Paul Mundy on Wednesday 10th August 2022. This agreement contained extension backstops predicated on Ambos submitting a valid planning application within 4 months of from the start date of the agreement⁵.

The brief period for the Option Agreement has been a significant risk for the project, affecting the quality of the design process and the time afforded to community engagement.

3.3 SUBMISSION OF PRE-APP & VALID PLANNING APPLICATION (APPENDIX C)

Barefoot Architects undertook the development of a concept design and the submission for Pre-application advice from Cornwall Council. Option two in the appended report, went on to form the basis for the subsequent scheme costs estimates and development appraisals.

Initial informal advice from Cornwall Council Planning, received by Barefoot Architects by email, established the principle of development, but a planned leave absence, and no formal response from the Affordable housing team, left the Board with the decision to press ahead with an 'All Matters Reserved' planning application, to ensure conditions were met regarding the Option Agreement backstops. Cornwall Council validated the planning application on Tuesday 29th of November 2022.

⁵ Page 9 -Paragraph 3.1 of the signed Option Agreement -Appendix B.

A meeting with Phil Mason (Cornwall Council Strategic Development) in November to discuss the possibility of Cornwall Council helping Ambos to realise the EV car club on Pemarkin Carpark, and the potential consequences of the forthcoming Climate Emergency DPD on our planning application. Considering the projects elevated construction costs, lower than expected OMV valuations⁶ and the current negative NPV, The DPD's emphasis on increasing density in town centres and the potential for it to assist to mitigate the effects of climate change, encouraged the decision to apply for a fourteen home Coho proposal, based on adding a further 1 bed accessible home and removing the basement carparking.⁷ This decision was made with full awareness that the Pre-app advice was concerned about scale and density, but we have been reassured that this is surmountable with local support and a robust Heritage Impact Assessment.

3.4 SCHEME COST ANALYSIS (APPENDIX D)

Barefoot Architects have sub contracted Phil Crossley from Crossley Hill Surveyors to undertake a Construction Cost Estimate in relation to Option 2 of the Pre-app concept design.

The current overall estimated Project Value is **£3,712,000** including construction costs and fees and exclusive of VAT. The figures contained form the basis for the initial development appraisals produced thereafter.

3.5 REVENUE ESTIMATES SUMMARY (APENDIX E)

Two independent development appraisals conducted by Coastline Housing, a local Registered Provider and Charity, and People Powered Homes (Jimm Reed - Coho Ltd.),⁸ have identified key financial hurdles to overcome. Both reports only make broad observations on the outline viability of proposals and does not make any formal recommendations as they also identify other avenues to explore.

These reports both indicated a negative Net Present Value (NPV) ranging between £-1.45M and £-3.18M, but also highlighted opportunities to bridge the gap by reducing costs, increase values and/or rent assumptions, seek cheaper borrowing, negotiate the Land value, and pursue grants around infrastructure costs.

Other than direct fundraising/ donations, alternative funding might come through community investment, i.e., loan-stock or community shares. Typically, these types of approach have been successful in raising sums up to around £500,000 for similar projects; we are aware of a loan-stock scheme which raised over £1m over a 4–5-year period for a cohousing development⁹.

The results of these reports were issued to Homes England for further evaluation. Subsequently a meeting between Miguel Fernandez (Ambos) and Helen Bone (Homes England) in December to informally establish the principle of Government support. Conversation evolved around case studies of similar schemes, in which grants of between £50,000 and £110,000 supported viable

6 See appendix E (1).

7 Most recent Climate Emergency DPD -

Topic Paper: Town Centre Design and Density - <https://www.cornwall.gov.uk/media/h2wdeptg/eb049-topic-paper-town-centre-design-and-density-v2-feb-2021.pdf>

8 Both Coastline and People Powered Homes agreed to support Ambos pro-bono or at a significantly reduced rate.

9 page 9 of People Powered Homes Report.

proposals that aligned with UK Government agendas¹⁰. The conversation was positive, noting the worth of developing further options to determine the level of grant needed, and make a formal application to HE for support.

It is recommended that Ambos further progress discussions with Phil Mason (*Cornwall Council Strategic Development*) to formalise the Council's commitment to supporting Ambos, particularly in relation to funding the infrastructure associated with delivering the community EV hub on the adjacent carpark, and the potential for Cornwall Council to contribute by purchasing units off plan to help meet their affordable housing targets.

Other significant options include exploring a route to delivery under the Custom & Self Build Housing Act, using Modern Methods of Construction (MMC). Particularly as there is strong Parliamentary support for MP Richard Bacon's efforts to scale up delivery of affordable homes through a Homes England unit for this new sector. This for example could open opportunities to access the £150 million Help to Build: Equity Loan Scheme- and the use of the Brownfield Land Release Fund to provide serviced plots¹¹.

Clearly there are significant difficulties with the viability of the proposals, particularly with the elevated cost of construction and lower than expected OMV in Penryn. The cost exercise demonstrates that a residual valuation approach is unlikely to support the option land valuation of £330,000- however sites are rarely worth nothing and there is an opportunity value which outweighs what a viability exercise provides¹².

A further exercise to model the potential of a community/crowd funded investment scheme, and the impact of raising between £60,000-£110,000 per unit of grant support from Homes England, should be a priority in the new year.

3.6 CONFIRMATION OF MATCH FUNDING (APPENDIX F)

The 10% Match funding, to release the next tranche of B(i) funding from Resonance, has been met and exceeded¹³, thanks to an increase of new members and the generosity of our existing members. Membership now stands at 88. Below is a summary of the distribution of support¹⁴.

B(I) TRANCHE 2 MATCH FUNDING		
Source of funds	No. of sources	Amount of funds
New and existing members purchasing Community Shares	22	£1343.00
Donations	16	£1309.00
TOTAL		£2652.00

10 Depending on tenure types and the degree of innovation aligned with Government agendas, various similar initiatives have been successful in securing HE grants to the sums stated. Projects discussed were- Bright Green Futures, Leeds Community Homes, Bridport Cohousing, RUSS Project, Community Self Build Agency, and local RP's Livewest and Coastline Housing.

11 The independent review into scaling up self-build and custom housebuilding was commissioned by the Prime Minister to: bring forward recommendations to improve the housebuilding industry by giving customers more choice; to make home building mainstream, realistic and affordable; and make building your own home an option for people up and down the country who have not considered it before. Source: <https://www.gov.uk/government/publications/government-response-to-the-independent-review-into-scaling-up-self-build-and-custom-housebuilding/independent-review-into-scaling-up-self-build-and-custom-housebuilding-government-response>

12 Extract from the People Powered Homes report. Pg. 9 – Appendix E.

13 Bank statements are included in the appendix F, but do not account for the administration expenditure taken off by Strip, prior to funds being deposited into the account.

14 The names of members and individual sums contributed, have not been included for GDPR protection.

4. RECOMMENDATIONS

On the 10th of January 2023, the Option Agreement will reach its deadline. It is unlikely that the Board will have sufficiently progressed discussions with Resonance for a decision by Resonance to purchase the Brigantine site on behalf of Ambos.

Furthermore, as the current planning application determination date has been set for 28th February 2023, the board recommend that Stephens & Scown takes action to execute the backstop, extending the option until the 28th of March 2023, to give the board sufficient time to respond to the determination before deciding to purchase the site.

The board recommends that Resonance release B(i) tranche 2 funding as soon as possible to allow the following:

Legal professional Costs	
<ul style="list-style-type: none"> Legal fees towards extending the option agreement to 28/03/2023 Develop HoTs for Planning Performance Agreement (PPA) with Cornwall Council Progress Charitable Status application Accountancy fees 	£4000.00
Project Management – Crossley Hill	
<ul style="list-style-type: none"> Assist with strategic decision making Advise on risk management strategy Update Project Execution Plan Liaise with the design team Advise on procurement strategies/route Conduct planned negotiations Coordinate legal advice Manage the integration and flow of design information Ensure regular review and reporting of budget to the Society 	£4750.00
Project Scoping	
<ul style="list-style-type: none"> Jimm Reed - People Powered Homes (Coho Ltd) to lead on the development of a business plan with support from the Board, Coastline and other consultant resulting in an application to Homes England. 	£3000.00
<ul style="list-style-type: none"> Development of Crowdfunding campaign film and social media strategy 	£4000.00
Further community engagement coordination: <ul style="list-style-type: none"> Develop workshop aimed at securing future residents and new members -Wikihouse build event/course with CNC Craft Ltd (Aaron Moore) & Ellie Birkhead Further development of the Allocations Policy and selection process platform with Go-Collaborate. 	£3400.00
Design Development of option 3 – Custom and group self-build with modular MMC. <ul style="list-style-type: none"> Design and Access Statement Affordable Housing Statement and Heritage impact assessment. 	£4500.00
QS value engineering exercise	£1000.00
Development of Defra baseline net biodiversity gain calculations	£600.00
Training	
Crowdfunder training with Crowdfunder UK for leading board member	£1000.00
Contingency	£1000.00
Resonance Placement Fee	£250.00
TOTAL including Match funding of 10%	
£27,500	

5. CONCLUSION & ACTIONS

Significant difficulties with the viability of the proposals exist. But the opportunity value for Ambos to hold its first piece of land, outweighs what the current viability exercise has provided.

Particularly pertinent has been recent discussions with Homes England and Jimm Reed which suggest grant may be available to plug the gap, as well as a host of ways to reduce costs.

Conversation with Phil Mason at Cornwall Council have been extremely positive the emerging Climate Emergency DPD offers a degree of support in relation to density in town centres and the delivery of a compact coho of fourteen affordable homes for Penryn and a community EV car club on Pemarkin carpark.

With custom and self-build housing act currently being a well-supported agenda within the UK Government, opportunities and funding surrounding innovation and modern methods of construction could also be a route to viability.

Time is of the essence; we will require considerable focus to further develop the business plan for Brigantine that will support the purchase of the site at the end of the Option Agreement.

5.1 ACTIONS

Name	Action	Due date
Tom Crook (Resonance)	Review report and appendices and confirm B(i) tranche 2 allocation changes.	02/01/2023
Miguel Fernandez (ACTF)	Contact Stephens & Scown and landowner to discuss actioning the Option Agreement extension	22/12/2023
Miguel Fernandez (ACTF)	Email James Moseley to provide Draft HoTs for PPA	02/01/2023
George Gillow (ACTF)	Correspond with Coastline HE grants funding assumption for Proval appraisal.	02/01/2023
Leo Forster (ACFT) & Eve Bourrat	Organise next Members event engagement programme	29/03/2023
Sarah Butter (ACTF)	Develop Home Allocation Policy draft & Grant Application to HE	01/03/2023
Matthew Thomason	Develop Crowd Funding Campaign	28/03/2023

End of Document

6. APPENDICES

6.1 APPENDIX A

6.1.1 Suite of draft policies in review

6.2 APPENDIX B

6.2.1 Signed Option on Land Transfer

6.3 APPENDIX C

6.3.1 Pre-App Report

6.3.2 Pre-App Response

6.3.3 Planning Application Documents

6.3.4 Planning Application Validation Letter

6.4 APPENDIX D

6.4.1 Scheme cost analysis

6.5 APPENDIX E

6.5.1 Further Revenue estimates Coastline Housing

6.5.2 Further Revenue estimates - People Powered Homes

6.6 APPENDIX F

6.6.1 Supplier Invoices

6.6.2 Highlighted bank statements