



Photo: <https://forestryandland.gov.scot/what-we-do/planning/active/ardochy>

**Glengarry Community Woodlands:**  
**Business Plan**  
**Ardoch Forest - Woodland Crofts and Affordable Housing**  
**2020 – 2045**

Prepared by The Highlands Small Communities Housing Trust and the Woodland Crofts Partnership

in collaboration with Glengarry Community Woodlands

[www.hscht.co.uk](http://www.hscht.co.uk)

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#### **Appendix: Wider Community Economic Benefit**

#### **Accompanying Documents:**

- **Ardochy Forest: Feasibility Study & Options Appraisal, August 2020**
- **Valuation Report**

## 1. Executive Summary

Glengarry Community Woodlands (GCW) is a company limited by guarantee located in Invergarry, a village located in Lochaber, almost half-way between Fort William and Inverness. GCW is a community representative organisation which owns and manages a community woodland and its associated facilities within Invergarry.

With support from the local community, GCW intend to purchase a site within Ardochy Forest, to offer Woodland Crofts and to build much-needed affordable housing and self-build plots. A detailed Feasibility Study & Options Appraisal for Ardochy Forest has been carried out by the Woodland Crofts Partnership and should be read in conjunction with this business plan.

GCW have a range of exciting projects underway in the community, and therefore will continue to work in partnership with The Highlands Small Communities Housing Trust (HSCHT) to take forward the housing elements of the project and work alongside the Woodland Croft Partnership (WCP) for their expertise on Woodland Croft creation and management.

The concept for Ardochy Forest is:

- A community-owned, sustainable woodland which will be divided into six Woodland Crofts using a phased approach, to meet local and wider needs
- Create a mix of lower-cost plots for self-build, with discounts secured by a Rural Housing Burden <https://www.hscht.co.uk/rural-housing-burden1.html>
- Create affordable homes to rent
- Or, affordable homes to buy at discounted prices, secured with a Rural Housing Burden
- Provide long-lasting benefit to the community's social, economic and environmental prospects

Phase 1 involves developing a pilot project which will inform the legal mechanisms, associated risks and the policies and procedures to be implemented in phase 2. This will be fully developed alongside the project partners, The Highlands Small Communities Housing Trust and the Woodland Crofts Partnership. The primary demand will be met by the development of 2 woodland crofts plus the provision of affordable housing and self-build plots in phase 1. In addition, a pilot project will explore how to develop a woodland croft ownership model and a tenanted croft model linking properties (sold or rented) to the Woodland Crofts. Phase 2 will then predominantly involve the creation of 4 woodland crofts, utilising the expertise gained from delivering the first project phase.

It is clear that this pilot project will have a far-reaching influence and promote confidence amongst other community groups who are embarking on other similar projects throughout Scotland.

## 2. About Glengarry Community Woodlands

The Glengarry Community Woodlands was incorporated on 20<sup>th</sup> March 2015.

GCW is a registered Scottish Charity: SC046134  
Company number: SC501083  
Contact details: Tom Cooper  
Glengarry Community Woodlands  
The Old Forestry Depot  
Invergarry  
Highland  
PH35 4HG  
Tel: 01809 501 287  
Email: [tom@glengarry.org.uk](mailto:tom@glengarry.org.uk)  
Web: <https://www.glengarry.org.uk/>

GCW is a company which is set up under the Companies Acts. It consists of members who join from the locality within a fixed geographical area linked to Glengarry Community Council. The organisation is run day-to-day by the full-time Development Officer, with strategic oversight from the board of directors. The directors are subject to periodic re-election or replacement, as voted on by members at the AGM. The board can also co-opt people who have particular skills that the board may need to call upon from time to time. Full membership is open to anyone on the electoral register residing in the Glengarry area.

GCW is also a registered charity. Developing enterprise in the woodland is one of the main priorities in the coming years. For the community woodland to be sustainable, they do not wish to rely on grants as a main source of income. They also want to create jobs to employ people in the community. They have started a firewood business which has been hugely popular and has continued to grow and expand, year on year. In time, they are also planning a tourism-based enterprise, which will offer accommodation within the woodland. This plan is still in a very early stage of development and will be updated in due course.

### 2.1 Board of directors

Glengarry Community Woodlands is governed by local volunteers who were invited to the board as trustees to ensure a wide representation and who bring a diverse range of skills to a wide range of projects.

The following information details the names, skills and experience of the current board of directors:

## **Colin Grant, Chair**

Colin Grant (Chair) lives and works on Faichemard Farm Campsite with his family, he maintains and manages the campsite started as a diversification by his grandfather in 1935. The sixth generation to grow up on the farm and inspired by his grandfather's interest in renewable electricity generation, Colin studied B Eng. in Electrical and Electronic Engineering at Heriot Watt University then going on to complete a Diploma in Digital Systems. Keeping an interest in communication technologies he has worked winter seasons when the campsite closed as a consultant for a small Highland IT company. In 2009 Colin helped his father to install a mini hydro scheme (150 kW) on the hill ground of the farm. He is also a member of the board of The Glengarry Trust, an organisation responsible for distributing community benefit funds from the two local wind farms. Colin has been involved with Glengarry Community Woodlands since the steering committee was formed in 2014 to explore the opportunity to buy an area of woodland to the west of Invergarry which Forestry Commission Scotland had identified as surplus to their requirements and potentially available for community acquisition.

## **Joanna Rodgers, Treasurer**

Joanna is the (part time) Development Officer at the Community Woodlands Association where she is responsible for co-organising the CWA annual conference and communicating useful information to Community Woodland groups across Scotland through social media and email. Alongside her role at CWA, Joanna is in the final stages of a PhD in Heritage Studies at the University of the Highlands & Islands in which she has explored community perceptions of ancestral tourism in the Hebridean island of Tiree. She is an Honorary Research Fellow in the Anthropology Department at the University of Durham, where she has taught on undergraduate field courses since 2018.

## **Louise Paget, Director**

Louise has always been drawn to the natural environment and while studying for a BSc in Physiotherapy gained awareness of the importance of green spaces for health and wellbeing. Since having a family, she began studying Sustainable Development through the University of the Highlands and Islands and through this also developed a keen interest in community ownership and management of natural resources, particularly in rural settings. This has fostered a belief that there is no better way to sustainably manage natural assets in a community than by those who live and work there. Moving to Invergarry with a young family who enjoy actively participating in woodland activities introduced Louise to Glengarry Community Woodlands, so to be involved with GCW is something which ties together many of her interests and she aims to make a positive contribution towards the future development of this.

## **Rory Brown, Director**

Rory lives in the area with his family and is a local tour boat captain. He is a trustee for The Gordon Brown Memorial Fund which has been supporting grass roots sports in Scotland since 2001. Rory is an experienced drystane dyker and has a keen interest in Scottish history, culture and the regeneration of native woodland. Rory is delighted to be part of Glengarry Community Woodlands which is having a very positive effect on the area.

## **Sandra Coy, Director**

Sandra has lived in Glengarry for over 16 years. She loves the outdoors and the local environment where she lives. On hearing about Glengarry Community Woodlands she thought it would be great to volunteer in an environmental project which would be an opportunity to put something back into the community she's been privileged to live in. Unfortunately a busy life has not enabled her to get involved as a regular volunteer but she continues to make a valuable contribution as a member of the board.

## **Bruce Kocjan, Director**

Bruce has a degree in Topographic Science from the University of Glasgow. After working in land survey and GIS he retrained as a Countryside Ranger, working for SNH in Stirling and with Loch Lomond NP. For the last 14 years he has been a Ranger for the Highland Council, working on the Great Glen Way. Bruce has been involved with GCW since the early days of the steering group and has used his experience in outdoor education, interpretation, and habitat management to inform his role. He takes an active part in supporting the GCW Development Officer to provide children's and family events in the woodland and for the last three years has been running wildlife and green woodworking events for GCW. Bruce has lived in Invergarry since 2006.

## **2.2 Membership**

GCW is a community organisation which acts in the interest of the community.

The organisation's objectives, agendas and projects are shaped by members allowing them to participate in the development of their community. There is a minimum requirement of 20 members.

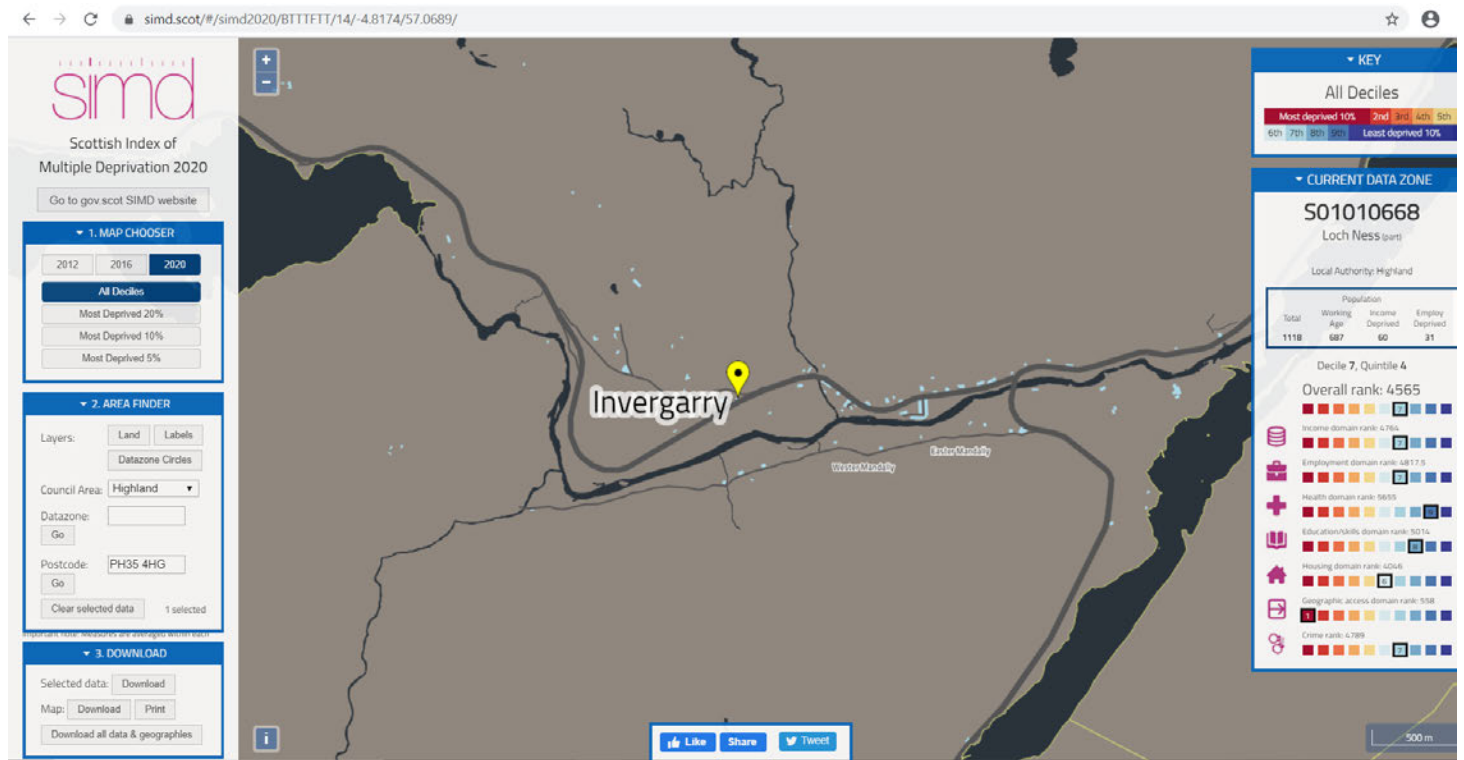
Membership is open to those who:

- a) are ordinarily a resident of Glengarry – postcodes listed in their governing document;
- b) are entitled to vote in a local government election in a polling district that includes the community or part of it; and
- c) support the purposes and activities of the company.

Members are required to complete an application form and return it to GCW.

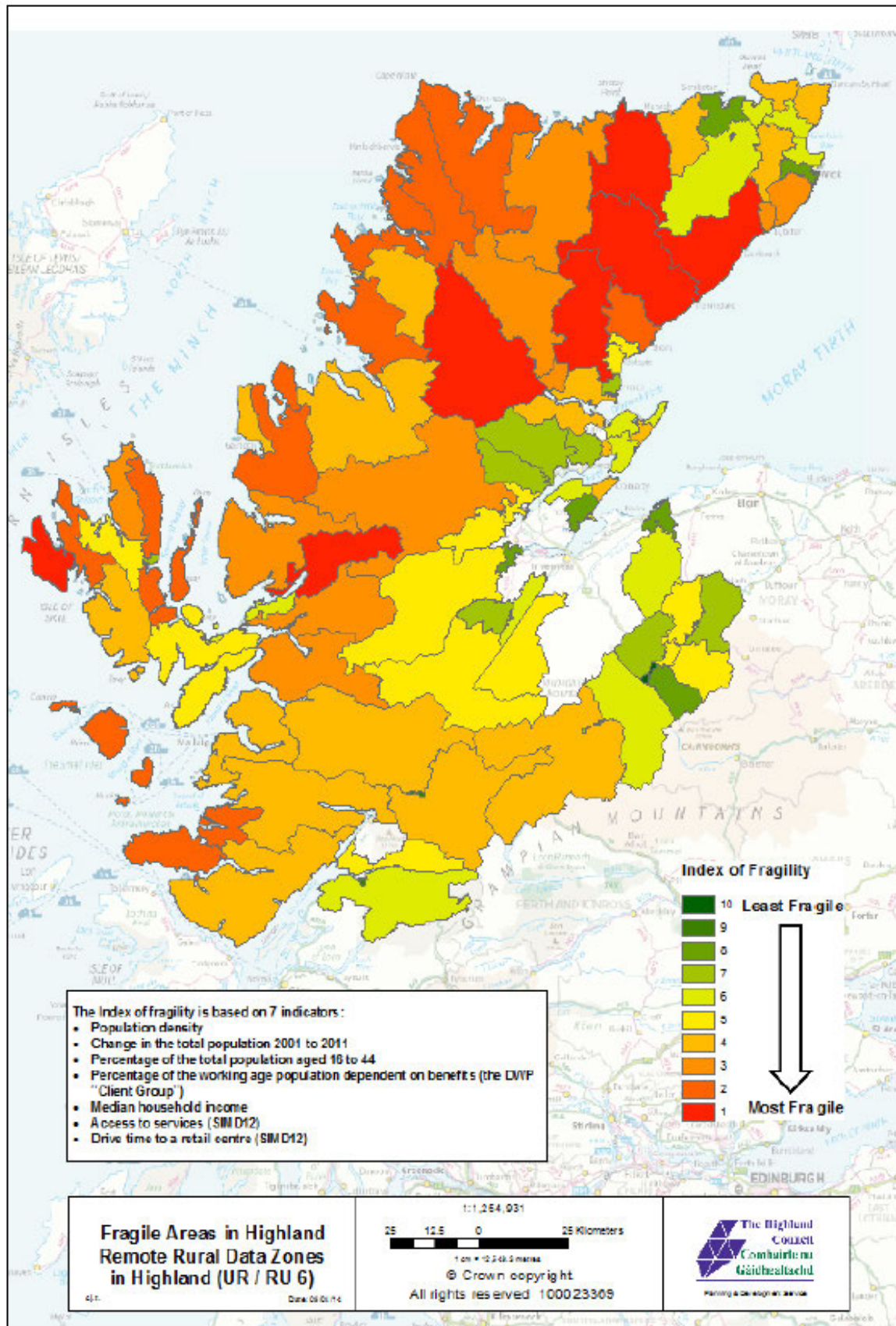
## 2.3 About Glengarry

The following information outlines the main factors which are drivers for the project.



The Scottish Index of Multiple Deprivation 2016 records the overall rank for Glengarry as being in the 7<sup>th</sup> Decile, which is part of the most deprived 10%, when considering income, employment, health, education, housing, geographic access and crime levels. However, notably the housing (6) and geographic indexes (1) are in the most deprived in this area. [simd.scot](http://simd.scot)

## Map 2-1 Fragile Areas in Highland

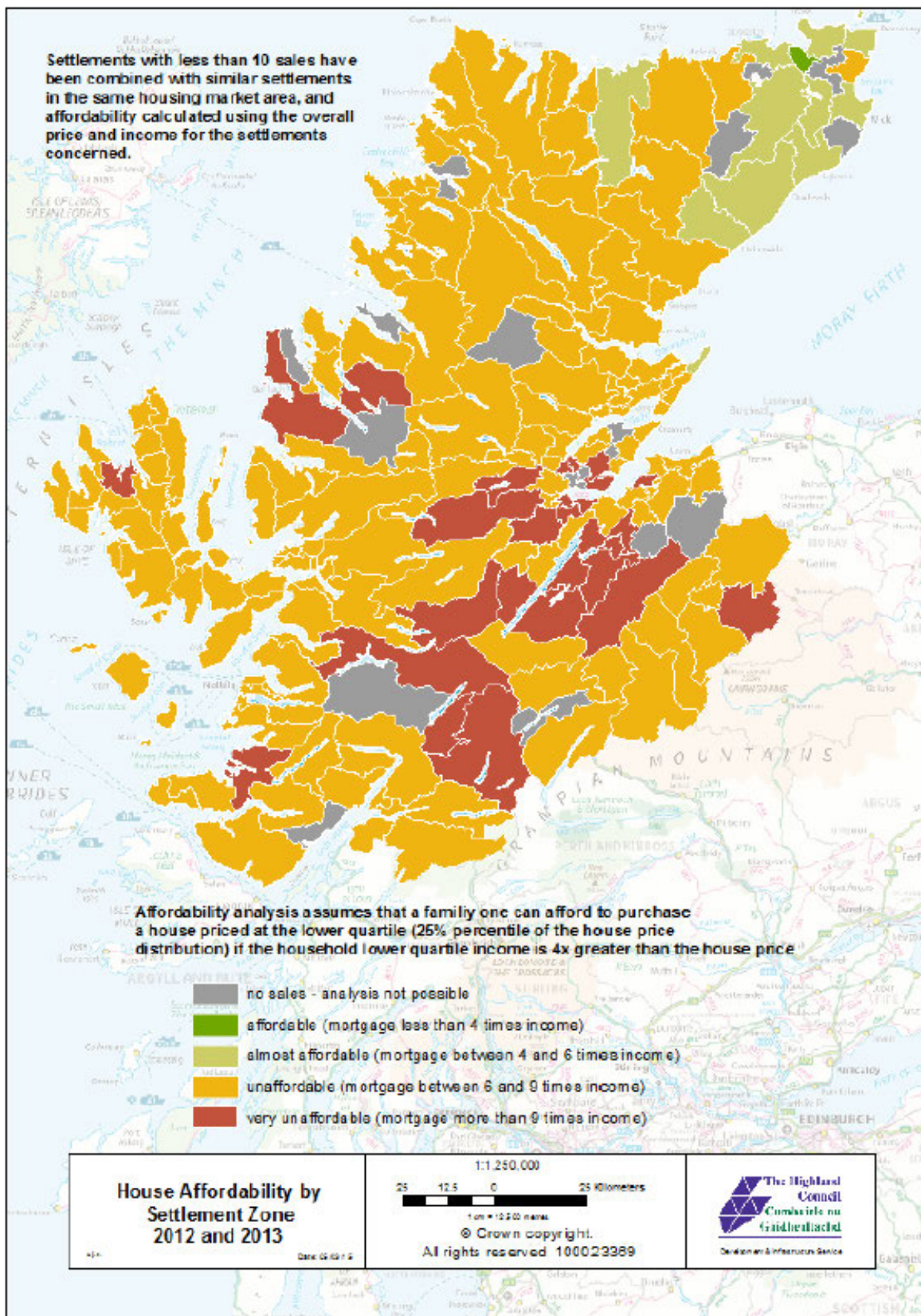


Source: Highland Council Analysis

According to the above information from the Highland Council's Needs and Demand assessment (p 49), Invergarry is one of the 4<sup>th</sup> most fragile areas of the Highlands.



## Map 2-2 Affordability of House Purchase, 2012 and 2013 Combined, by Settlement Zone



Source: Highland Council analysis of house sales data from LVIU / Scottish Government and CACI Paycheck Household Income data

The above image is extracted from The Highland Council's Housing Needs and Demands assessment (p53) and shows that Glengarry is within a housing market area which is very unaffordable with buyers requiring a mortgage of more than 9 times their income to purchase a property.

Highland Councils Housing Needs and Demands Assessment:

[https://www.highland.gov.uk/downloads/file/13404/housing\\_need\\_and\\_demand\\_assessment\\_2015](https://www.highland.gov.uk/downloads/file/13404/housing_need_and_demand_assessment_2015)

According to the latest data available, the average income in Highland is £21,600 (SPICe Scotland, 2019) and the average property price in Invergarry is £243,864 (Zoopla.co.uk), which equates to around 11 times average incomes.

The community wish to undertake a housing initiative to help to address these significant issues which are having a detrimental effect on the community.

This project will complement the provision of Woodland Crofts, which will provide people access to woodland to live in and manage. The woodland crofts will give crofters the opportunity to build businesses based on the croft, contribute to their needs of food, fuel and energy, and subject to the appropriate consents, provide a house.

## **2.4 Other projects**

As well as managing the woodland which they currently own, developing the Woodland Croft and Affordable Housing project, GCW has been actively developing projects on behalf of the community including:

- Running a Forest School Club for local children
- Operating guided wildlife walks
- Offering volunteering sessions
- Organising events for the whole community
- Educating people e.g. green wood working courses

## **3. Evidence of need & support**

### Evidence of need for Woodland Crofts:

The Ardochy Forest: Feasibility Study & Options Appraisal, August 2020 explores the need for Woodland Crofts to be created in detail. In summary, we are confident that this model is directly in keeping with many people's aspirations and their requirements. Woodland Crofts will help to supplement people's livelihoods and their provision is directly in line with GCW's charitable objectives.

The abovementioned feasibility study highlights the popularity of woodland crofts. The Woodland Crofts Partnership maintains a register of interest which currently holds nearly 250 names, which anecdotally is believed to be an under-representation of the true demand. Local events in

Invergarry have compounded this by demonstrating strong support for the proposals and a clear interest in this model.

#### Evidence of housing need:

The Highland Council's Highland Housing Register records the following information (August 2020):

Type	Waiting List	Social Housing Stock	Turnover (April 19 – March 20)
1 Bed Bungalow	24	1	1
2 Bed Bungalow	11	4	2
2 Bed House	10	7	0
3 Bed House	3	5	0
<b>Total</b>	<b>48</b>	<b>17</b>	<b>3</b>

There are several factors which exacerbate the challenges faced by those seeking housing in the area. The level of social housing stock is low compared with national averages, there is minimal turnover and therefore less chance of being allocated a property and the waiting list demand is significant. From anecdotal evidence, we are aware of many others seeking housing who have not registered on the Highland Housing Register. This combined with the highly unaffordable house prices, makes it a significant challenge to those seeking housing.

Despite trying to find alternative sites to develop housing locally, there have not been any opportunities until now and the Ardochy Forest project will help to satisfy this demand.

#### Community Engagement:

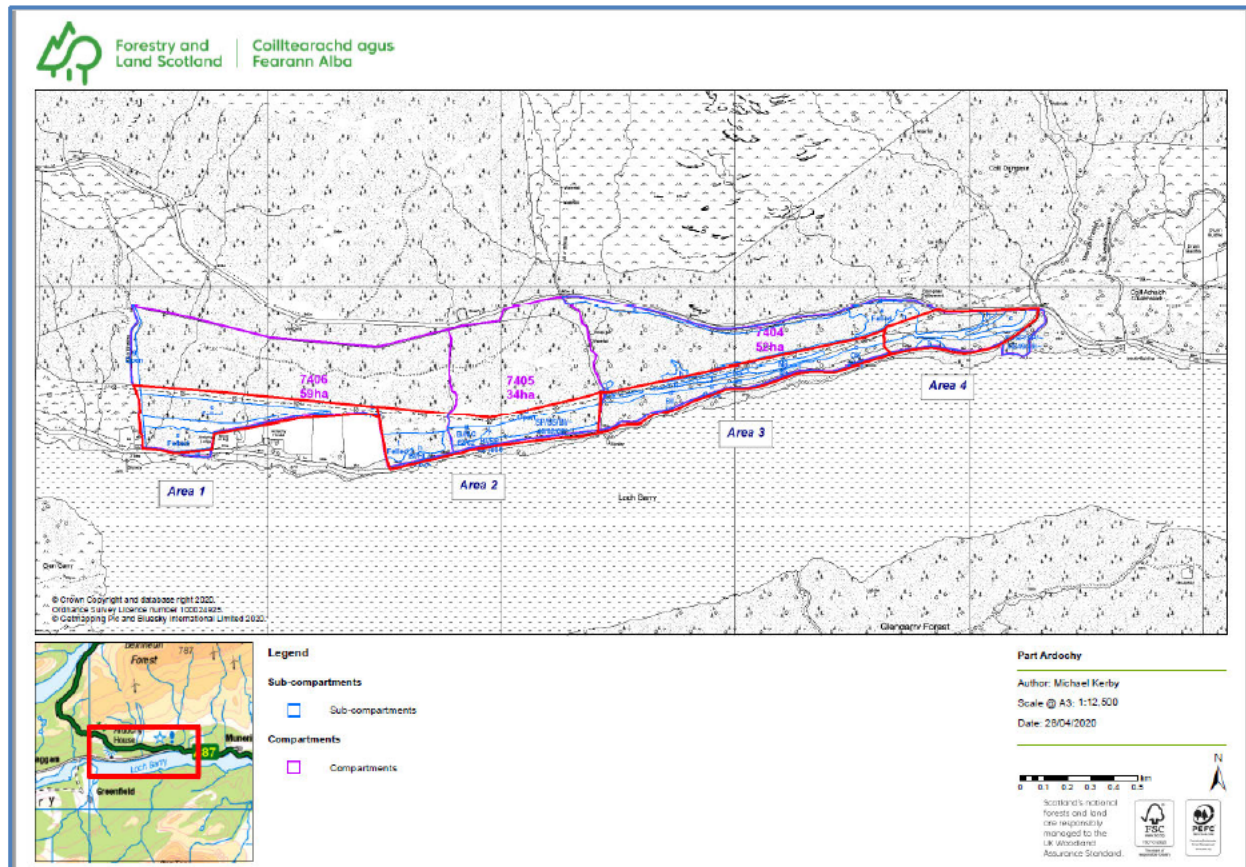
GCW hosted a drop-in event in Glengarry in November 2019 to explain the concept of woodland crofts and provide information on the opportunities to support self-build plots. Jamie McIntyre from the Woodland Crofts Partnership and Self-Build Loan Fund Officer, Neil Walker, were both present and able to answer questions about both initiatives in which there was a keen community interest. The event was well-attended and community members were invited to share their views and opinions for the proposal, which were clearly supportive of further, varied development. GCW have consulted the community further through a short survey, with results being compiled mid-August. Initial findings are that the project is a well-supported by the community.

#### Community support:

GCW have engaged with residents directly and with a wider audience through social media, newsletter articles and flyers. This has resulted in overwhelming support for Woodland Crofts and for good quality affordable housing in a variety of tenures to meet local needs and budgets. The community are supportive of the ambitions to purchase lower Ardochy Forest (Areas 1 – 3) as this will give further stability to GCW and the community, and it will help to address their economic and housing issues. Strong local support and demand for these proposals has been identified.

## 4. Project Detail & Partners

The proposed plans are below followed by an outline of our project detail.



Plan not to scale. With permission from FLS.

GCW wish to purchase the land at lower Ardochy Forest - Areas 1 – 3 on the above plan. Area 4 was ruled out at feasibility stage due to a range of factors.

The project will be to develop Woodland Crofts, to manage the woodlands sustainably and to provide affordable housing for local residents and newcomers, including croft housing. Acquiring the land for a multi-purpose development which has high sustainability and environmental objectives will help to strengthen the community. The development will also support intergenerational family networks and offer the opportunity to support employment through each phase of the project; and in turn, through the increased economic activities created by the Woodland Crofters on their respective crofts.

The topography of Ardochy has been taken into consideration and site walkovers and a survey has been carried out. The area identified as the most suitable for affordable housing development (Area 1) has many positives although there are extensive stumps from tree-felling. This adds significantly to the cost of preparing the land for development. The proposed site layout has been informed by a pre-application to the local authority and this is the basis on which planning consent will be applied for. Other factors have been fully explored in the Feasibility Study & Options Appraisal.

For phase 1 of the project GCW aim to work with the Highlands Small Communities Housing Trust (HSCHT) who will purchase the land required in Area 1 from them to develop the pilot project. GCW will have a Minute of Agreement in place with HSCHT to continue to guide and influence the direction of the project. As GCW is not a Rural Housing Body and therefore cannot apply the Rural Housing Burden on land, they will work with HSCHT to implement this mechanism. The receipts

for the land are essential to the fulfilment of the project and they will be incorporated into the project budget. Section 10 illustrates how the funds will be incorporated into the cashflows. Lessons learned in phase 1 will allow GCW to take forward phase 2, the creation of a further four woodland crofts, with confidence.

In developing these proposals, GCW has applied to the Scottish Land Fund (stage 1 and stage 2) and the Rural Housing Fund, Feasibility funding has been utilised on the project.

The development of lower Ardochy Forest by GCW is phased in two stages:

### Phase 1

- Develop a Minute of Agreement for partnership roles and responsibilities for the project.
- Create a Forest Management Plan and integrate Woodland Crofts into a masterplan.
- Create Woodland Crofts and work with the Woodland Croft Partnership, HSCHT and an appointed solicitor to identify and evaluate the most suitable legal agreements.
- Based on the above, create new tenure models for woodland crofting and croft housing which can be used by GCW, HSCHT, and other communities.
- Create the allocations policy for Woodland Crofts and affordable housing (agreed with partners and funders).
- Release land to GCW's partners HSCHT, to take forward the pilot project, with GCW's continued input.
- Once developed, allocate Woodland Crofts and properties according to the policy.

### Phase 2

- Apply for the required consents and secure a funding package.
- Develop Areas 2 and 3 for Woodland Crofts and new croft housing, where there is a need identified.
- Build on the lessons learned in Phase 1 as to the most effective legal mechanisms to use.
- Allocate Woodland Crofts based on applicant's skills, local needs and demands identified.
- Review Forest Management Plan.
- Manage re-lets (if any).

## 5. Development Strategy for GCW

**Vision:** to create an exemplar partnership working project that provides long lasting social and economic benefits to the community through the Ardochy project

### Woodland Crofts

GCW will support the creation of 2 initial crofts on Area 1 – one as a croft tenancy and one as an owner-occupied croft secured by a Rural Housing Burden.

GCW will continue to develop up to 4 further Woodland Crofts in Areas 2 and 3.

### Affordable Housing

GCW will enable homes to be built that provide quality affordable homes in an attractive setting.

GCW will encourage the builders of any new homes to meet standards that produce quality, energy efficient homes that are sustainable in the long-term. GCW will encourage the use of local materials, timber and local employment.

### Key Stakeholders and Partnerships

GCW will build on and enhance their relationships with the Highlands Small Communities Housing Trust and the Woodland Crofts Partnership.

GCW will engage with key local stakeholders, local government and media as required.

GCW will carry out community engagement activities for all projects and seek feedback.

### Procurement and Community Benefits

GCW will adopt procurement methods that produce optimum value for money and facilitate the delivery of community benefits.

### Financial Capacity

GCW will always ensure that the project is financially viable and fundable, will meet the business plan and funders' requirements, and will not impact adversely on future interests.

GCW recognises the challenges of this project as rural development can be more costly to deliver than in other locations and will seek the appropriate support.

### Governance and Delivery of the Development

GCW will ensure that it provides leadership and close scrutiny for all activities. GCW will work closely with housing delivery partners in this regard.

### Risk Management

GCW will be proactive in assessing and managing the risks associated with their role within this project.

## 6. Management Strategy for GCW

GCW will create a Forest Management Plan which will outline the community's long term priorities for the woodland, and ensure woodland crofts are integrated with them

### Woodland Crofts Allocations Policy

GCW will agree an allocations policy with the community and project partners, ensuring that there is an objective process in place to allocate crofts according to local priorities, and deal with any issues which may arise.

### Housing Allocations Policy

GCW will agree an allocations policy with the community, based on one which is widely used in other rural areas and highlights household priority factors and community priority factors. This policy will be implemented by HSCHT.

### Voids

GCW will try to minimise void periods by working closely with the local community, housing partners and the WCP. Should any voids arise, GCW shall be financially prepared for this by retaining a proportion of Woodland Croft rents.

### Tenancies

HSCHT shall use the Scottish Government's model Private Residential Tenancy Agreements for affordable rented properties. These provide greater security for residents and clearly set out the expectations of the tenants and the landlords.

Woodland Croft tenancies will be guided by the Crofting Laws in force at that time.

### Review

The management strategy will be reviewed as necessary by the GCW board.

## 7. Project Process

A broad outline of the process from this point is below:

### GCW:

- Apply to Forestry and Land Scotland (FLS) to purchase the asset via the Community Asset Transfer Scheme (CATS)
- Apply to Scottish Land Fund (SLF) to purchase the land at lower Ardoch
- If CATS and SLF are approved, purchase the land from FLS
- Secure project funding including other grants/private finance
- Work alongside project partners to develop plans, policies and legal mechanisms
- Transfer Area 1 to HSCHT for the development of woodland crofts and affordable housing
- Assist with marketing the Woodland Crofts and properties to local residents and newcomers
- Keep local community informed at key stages of the project
- Hold Open Day on completion of phase 1 of the project

### HSCHT:

- Act as housing delivery partner as the vehicle to develop the phase 1 pilot project
- Acquire Area 1 from GCW for the delivery of phase 1 of the project
- Create 2 new woodland crofts
- Procure and construct affordable properties and plots
- Allocate properties/crofts based on agreed policies
- Act as Rural Housing Body on behalf of GCW – to keep community control of assets in perpetuity
- Provide expertise on Rural Housing Burdens and how they may relate to crofts

### WCP:

- Provide project management of the Woodland Croft creation, on-going management and oversight
- Offer expertise from the Woodland Croft Partnership and input into identification of most suited delivery models
- Ensure stakeholder involvement and influence at key project stages
- Promote project on a wider scale to other communities
- Management of Woodlands Crofts Register of Interest



## 8. Proposed Project Plan & Timetable for Phase 1

Date	GCW	HSCHT	WCP
Nov 2019 – Aug 2020	Feasibility Study & Options Appraisal, Community & Stakeholder Consultation		
August 2020	Apply for CATS	Facilitation & Business Planning	Project co-ordination
August 2020	Apply for SLF		
November 2020	SLF panel result		
November 2020	Secure project finance	Work with partners to secure funding package as required	
January 2021	Purchase Areas 1 to 3 of Ardochy site from FLS		
January 2021 – May 2021	Prepare Forest Plan and project Masterplan for site		
June 2021	Sell a proportion or all of Area 1 to HSCHT	Purchase a proportion or all of Area 1 from GCW	
July 2021	Instruct solicitor to create appropriate delivery models for phase 1 pilot project		
July 2021		Procure contractor for development	
March – July 2021	Review delivery models for phase 1 and identify most suitable mechanisms		
August 2021 – September 2021		Secure funding package	
September - December 2021		Contractor applies for statutory consents	
Feb 2021 – Feb 2022		Creation of Woodland Crofts and affordable homes	
Jan 2022	Allocation of Woodland Crofts and affordable homes		
On-going	Update community regularly		

## 9. Risk Management

Careful consideration to the potential risks should be given prior to embarking on any new project. While this list is not exhaustive, we have outlined the main risks which GCW should be aware of.

### Pre-Development Risks

Area of concern	Identified risk	Mitigation/Action required
Community support	Unsupportive of development	Strong community engagement in early stages. Further consultation on sites and uses. Explanation on need, tenures & benefits to long-term community sustainability.
Planning/Building Warrant	Not considered suitable	Check site suitability in advance of submitting applications. Involve planners in Masterplanning exercise.
Feasibility studies	Unsuitable ground conditions for croft & affordable houses. Unobtainable or expensive connections to utilities.	Some projects may abort at this stage if the ground conditions prohibit the required development to take place. Carry out ground investigation work. Obtain detailed quotes from utility providers where possible.
Archaeological studies	Sites or objects of significance uncovered	Liaise with appropriate specialists before development.
Land purchase	Title issues, demand for the proposed crofts and securing funding.	Access issues, boundaries discrepancies, unusual title conditions can all arise during legal work. Identify as much information as possible about the land prior to engaging solicitors to reduce risks and costs. Invite notes of interest from prospective crofters.
Development funding	Difficulty in securing funding to develop the project.	Prepare detailed financial plans at the outset and make funding applications and/or agree loans or grants in advance.
Budget	Quotations for works are higher than budgeted	Negotiate with contractors/consultants to identify potential savings. Secure additional funding if required.

## Development exit strategies

Area of concern	Identified risk	Mitigation/Action required
New Woodland Crofts	Lack of interest in specific crofts	Varied tree type and cover over the different crofts ensure different preferences catered for. Early engagement with interested parties to identify potential crofters. Evidence of widespread demand nationwide suggests interest in crofts will be strong
New Woodland Crofts	Creation of new crofts not approved	Woodland Crofts are supported by Scottish Government, and Crofting Commission (CC) policy is to support their creation; early dialogue with CC required
Forest Plan	Non-adherence to plan by crofters	Condition of compliance would be in the tenancy agreement, or other personal agreement.
Future phase Woodland Crofts	Planning objections	Involve planning department in community led masterplanning exercise to identify issues and solutions.
Project Partner Relations	Potential breakdown in relationship	Minute of Agreement in place covering all aspects of partnership working. Clear roles of responsibility outlined.
Unforeseen costs arising during construction	Budget increases from original estimates.	Obtain fixed cost quotes where possible in advance. Retain a contingency in the budget for unforeseen costs. Negotiate with contractors regarding increases. If necessary, source additional funding.
Servicing and Croft house development - Contractor goes out of business	Establish staged payments	By paying for work stages on completion this offers the contractor security over cash flow. It also means that any work done will have been paid for and another contractor could be engaged if necessary to complete the development.
Defects/maintenance issues	1 year defects liability period in contract	Ensure that there is a suitable clause to allow for all defects to be made right by the contractor. This should include latent defects after the 1 <sup>st</sup> year.
Difficulties in obtaining completion certificates	Engage with contractor and local authority	The contractor is responsible to ensure that the building meets the planning and building warrant requirements and obtains the completion certificate.
Delays in grant funding/loan payments	Financial planning	Prior to development beginning, establish a cash-flow projection which includes all funding streams and payments and is agreed with funders. Include an element of contingency.
Delays	Agree build schedule	Delays can impact on many aspects. Some contracts have penalties for delays but this can add costs to the contract sum.

## Post development risks

Area of concern	Identified risk	Mitigation/Action required
Management of crofts	Crofts not worked or put to purposeful use	Failure to adhere to crofting regulations will be breach of tenancy or other agreements with potential sanction of removal from the croft; robust allocations process will identify most suitable potential crofters to mitigate this risk
Crofts given up by occupiers	New crofters cannot be identified to take on croft, leading to income shortfall	Demand for woodland crofts is strong & growing; almost certain to be able to fill crofts from local interest or wider Register of Interest
Tenancy is terminated by tenant	Expected income not received to cover financial liabilities.	Maintain waiting list of interested parties so that allocation can be made as soon as possible. Maintain ring fenced funds for voids.
Owner/Occupier notifies intention to sell. Pre-emption right activated.	Cannot secure the funds required to buy back the croft.	Work with partner (HSCHT) to secure short term loan to exercise pre-emption. Maintained list of interested parties notified of opportunity and advertise widely.
Repairing obligations	Service agreements and call out agreements with local contractors	A structured approach to on-going maintenance and repairs is required, e.g. Annual servicing of boilers/heating systems. Have a policy for emergency repairs.
Fire/theft/damage to properties	Insurance	Ensure that the insurance policy taken out is suitable for renting properties including void periods
Major repairs	Set aside a sinking fund	15 % of annual rental income set aside to cover for major repairs
Tenancy management	Potential tenancy issues/non-compliance.	Clear tenancy agreements in place covering all aspects of the woodland croft tenancy. Dispute resolution process in place.

## 10. Financial and Economic Projections

### 10.1 Glengarry Community Woodlands

#### a. Land Acquisition

Land Valuation	159,000
Legal Fees on Acquisition	5,000
Forest Plan and Masterplan	10,000
Creation of Legal Templates	10,000
Legal Fees on sale of Area 1 Pilot Scheme	3,500
Project Management	10,000
<b>Total Costs</b>	<b>197,500</b>
Funded by:	
Scottish Land Fund	157,500
Discount requested	40,000
<b>Total Funding</b>	<b>197,500</b>

#### b. Phase 2 Post Pilot Woodland Croft Creation

Following the findings of the pilot scheme carried out by HSCHT GCW would create 4 further woodland crofts. At this time it is proposed that we would offer 2 woodland croft tenancies and 2 owner occupier crofts consisting of a discounted house plot with planning permission tied to the woodland croft. The owner occupier woodland croft would have a Rural Housing Burden attached with a pre-emption right giving control to GCW for onward sales, via the Minute of Agreement with HSCHT.

<b>Project Costs</b>	
Woodland croft Title Plans x 4	2,400
Architect and planning fees for 4 crofts in areas 2 and 3	9,000
Plot Servicing (4 plots)	160,000
Construction of 2 croft houses (Tenancies)	320,000
Legal and Registration Fees of new crofts	5,000
Individual Timber Valuations for tenant woodland crofts	4,000
Valuation of Owner Occupier woodland crofts	4,000
Project Management	11,000
<b>Total Costs</b>	<b>515,400</b>
Funded by:	
Grant towards servicing and house construction	275,000
Sale of 2 owner/occupier crofts with discounted serviced house plots with RHB	140,000
Mortgages on Tenant Croft houses	80,000
Proceed from sale of Area 1	20,400
<b>Total Funding</b>	<b>515,400</b>

The following assumptions been made:

- Grants similar to Rural Housing Fund will be available towards the servicing and house construction
- Loans are assumed at 4% interest repayable over 25 years
- There is sufficient demand for owner/occupier crofts with a RHB

### c. Projected Income and Expenditure Years 1 to 25

	1	2	3	4	5	6 to 10	11 to 15	16 to 20	21 to 25	Total
<b>Income</b>										
Scottish Land Fund	157,500									157,500
Sale receipt for Area 1		27,000								27,000
<b>Phase 2</b>										
Grant- servicing and croft house construction				275,000						275,000
Sale of 2 discounted RHB owner/occupier crofts				140,000						140,000
Loans supported by Tenant Crofts rental income				80,000						80,000
Tenant crofts rental income					13,200	70,067	77,360	85,412	94,301	340,340
<b>Total Income</b>	<b>157,500</b>	<b>27,000</b>		<b>495,000</b>	<b>13,200</b>	<b>70,067</b>	<b>77,360</b>	<b>85,412</b>	<b>94,301</b>	<b>1,019,840</b>
<b>Expenditure</b>										
Land Purchase	119,000									119,000
Direct Acquisition costs	5,000									5,000
Post-Acquisition costs	23,500									23,500
Project Management	10,000			11,000						21,000
<b>Phase 2 Woodland Croft Creation Costs</b>			24,400							24,400
Plot Servicing (4 plots)				160,000						160,000
Construction of 2 croft houses				320,000						320,000
Tenant Croft houses annual running costs					6,824	36,223	39,993	44,155	48,751	175,945
Tenant Croft houses loan repayments					5,069	25,344	25,344	25,344	25,344	106,445
Property Insurance					618	3,379	3,918	4,542	5,265	17,722
<b>Total Expenses</b>	<b>157,500</b>	<b>-</b>	<b>24,400</b>	<b>491,000</b>	<b>12,511</b>	<b>64,946</b>	<b>69,254</b>	<b>74,041</b>	<b>79,360</b>	<b>973,012</b>
<b>Annual Surplus/(Deficit)</b>	<b>-</b>	<b>27,000</b>	<b>(24,400)</b>	<b>4,000</b>	<b>689</b>	<b>5,121</b>	<b>8,105</b>	<b>11,371</b>	<b>14,941</b>	<b>46,828</b>

The following assumptions have been made

- a) Tenant croft rental income is based on social rent level for the house and £100 per hectare of woodland croft land
- b) Rental increase of 2% per annum
- c) Tenant croft annual running costs assume the landlord is responsible for repairs and maintenance and includes allowances for voids, management and a sinking fund for major repairs.
- d) Inflation allowance of 2 % per annum

## **11. Conclusion**

The foregoing rationale for the community to own the land and to create woodland crofts, alongside affordable housing opportunities, is a strong basis on which to proceed with the acquisition of lower Ardoch Forest by GCW. There is demonstrated community support for the proposals, and evidenced demand for woodland crofts, both from the immediate population and from a wider geographical area. There is a clear unmet demand for affordable housing in Glengarry which will be addressed through the delivery of this project.

The land will be managed in line with an overarching forest management plan and it will provide a range of long-term environmental benefits; directly to those living on the crofts and to the flora and fauna of the forest.

The project meets the objectives of GCW and it will enhance the prospects of the community into the future. It will give people a chance to live, work and thrive in a community-owned environment - an objective which is supported through several Scottish Government initiatives and recent legislative changes. The creation of this project will incorporate the Rural Housing Burden, the Community Asset Transfer Scheme, the Scottish Land Fund and the Rural & Islands Housing Fund. Individual crofters and builders will add further to the inward investment derived by this project, by accessing the Self Build Loan Fund, Croft House Grant scheme and private finance.

The business plan proposes an integrated and phased approach to development, which will aim to minimise the risks to GCW and to ensure the successful delivery of the project.

**Appendix: Wider Community Economic Benefit**

	1	2	3	4	5	6 to 10	11 to 15	16 to 20	21 to 25	Total
<b>Wider Economic benefit</b>										
<b>Inward Investment</b>										
Investment in affordable housing		720,000	-	-	-	-	-	-	-	720,000
2 Woodland Crofts		380,000	-	-	-	-	-	-	-	380,000
4 Woodland Crofts		-	-	800,000	-	-	-	-	-	800,000
<b>Total Capital Investment</b>		<b>1,100,000</b>	-	<b>800,000</b>	-	-	-	-	-	<b>1,900,000</b>
<b>Economic Activity Generated</b>		-	-	-	-					
Woodland Croft income generated Phase 1		-	8,000	8,800	9,680	65,007	104,695	168,612	271,551	636,344
Woodland Croft income generated Phase 2		-	-	-	19,360	130,014	209,389	337,223	543,102	1,239,088
Local tradesmen for property maintenance		-	3,600	3,672	7,491	39,762	43,901	48,470	53,515	200,412
<b>Total Economic Activity Generated</b>		-	<b>11,600</b>	<b>12,472</b>	<b>36,531</b>	<b>234,784</b>	<b>357,985</b>	<b>554,305</b>	<b>868,168</b>	<b>2,075,844</b>
		-	-	-	-					-
<b>Other activities outside woodland Croft</b>			<b>50,000</b>	<b>51,000</b>	<b>156,060</b>	<b>828,385</b>	<b>914,604</b>	<b>1,009,797</b>	<b>1,114,898</b>	<b>4,124,744</b>
<b>Total Economic Benefit</b>		<b>1,100,000</b>	<b>61,600</b>	<b>863,472</b>	<b>192,591</b>	<b>1,063,169</b>	<b>1,272,589</b>	<b>1,564,102</b>	<b>1,983,066</b>	<b>8,100,589</b>



## **Appendix: Wider Community Economic Benefit**

The projected Income and Expenditure for GCW shows a relatively modest financial return of approx. £47,000 on the project over 25 years. At the end of that financial period the loans secured on properties will have been fully repaid and returns will increase by approximately £5,069 per annum.

However, it is the economic impact on the wider community that the acquisition of the land with Scottish Land Fund support is greatest. The development of woodland crofts and affordable housing by GCW and their project partners, HSCHT, will generate a minimum of £4,000,000 additional economic activity in the area. This is excluding the additional economic activity generated by people from outwith the community moving in to take up the woodland croft opportunities and carrying out other productive work.

Phase 1, the pilot carried out by HSCHT, will bring capital investment in the region of £1m to the wider community through the construction of potentially, 4 affordable houses for rent and 2 woodland crofts. HSCHT's commitment to using local contractors and consultants will ensure that as much of that investment as possible will remain in the local economy. New properties will be designed, as far as practicable, with space for homeworking so that tenants will have the opportunity to work from home giving more employment options and flexibility.

The average income generated per croft is in the region of £4,000 per annum, using this as a starting point and allowing for an annual increase of 10% the 2 woodland crofts could generate upwards of £636,000 over a 25 year period. We have not included any assumptions of additional income generating work in this assessment.

Phase 2 will see the provision of a further 4 woodland crofts which will generate an additional capital investment of approx. £800,000 in the construction of the croft houses and estimated revenue income in the region of £20,000. Again, we have excluded the additional economic activity generated by people from outwith the community moving in to take up the woodland croft opportunities and carrying out other productive work.

The additional 10 properties will also provide recurring maintenance work for local tradesman and an allowance based on HSCHT's experience has been included in the economic activity generated table below.

If we were to assume that each woodland croft also had just one person employed in other activities and generating the average wage in Scotland and allowing for inflation of 2%, this would add an additional £4,100,000 to the overall economic benefit to the wider community. This would result in a net economic gain of £8,100,000 from the acquisition of the land with Scottish Land Fund assistance.