

# Financial Viability & Business Planning

*Community Led Housing*

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*plan ... deliver ... Achieve*

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# What is Financial Viability?

A test of whether something is :

- Affordable
- Worth doing
- Achievable

Aka: Feasibility Analysis

# Why do we need to do it ?

To demonstrate to yourselves that your project will work

To demonstrate this same thing to potential funders

To understand the financial implications of the project

To understand the risks inherent in the project

# Proving Financial Viability

Your project idea needs to be well formed – what it is you want to achieve / why you want to do it

You need to have a reasonable grasp of the project timescales, inputs and desired outputs

You can then carry out a Feasibility Analysis using one of the many tools available – such as the CLT tool

# Information you need before you start

1. Procurement Type
2. Tenure mix & numbers of each tenure type
3. Anticipated Timeline
4. Funding Sources – including likely cost of borrowing
5. Cost per m<sup>2</sup> and size of development
6. Professional Fees
7. Market Values (Sales & Rental)
8. Management & Maintenance Costs and Void Rates

# Feasibility Analysis Robustness

The more robust the analysis the more reliance can be placed on it, to ensure this:

1. Be as accurate as possible with your data inputs
2. Update the analysis as better data becomes available
3. Test your analysis for movements in key data inputs, aka Scenario or Sensitivity Testing

# Scenario Testing

This is essentially “what if” analysis

Identifies where a project is vulnerable to changes in key inputs, i.e. the Risk Factors

Understand these risks and monitor them throughout the Development and beyond

# How does this fit into Business Planning ?

Your Business Plan will need to identify:

- What it is you want to achieve - Outcomes
- How you will achieve this - Strategy
- The people involved - Stakeholders
- The Project Outputs
- The Project Activities
- The Project Inputs
- The Project Risks



# Why is a Business Plan Required ?

It is the overarching document for what you are doing, a route map for the project

You need to go through and understand each of the areas we have just covered to be successful

Grant Funders will want sight of your Business Plan

**Thank you for Listening,**

**Any Questions ?**