

Mount Nimmel Case Study

This document is to be read in conjunction with the seeding document (version 2), the LitePaper and the Membership Process document.

The Property

Address:	271 Austinville Road, Austinville QLD, 4213.
RPD:	L1 RP2288831
Type	Commercial
Fee Code:	Freehold
Zoning:	Rural (Albert)
Council	Gold Coast City Council (GCCC)
Council Previous:	Albert City Council
Land Use:	Sports Clubs / Facilities
Owner Code:	Private Person
Size	The land is 67 acres, surrounded by 80 acres of 'green space' (cannot be built on)
Valuation	\$710,000 (at 30/6/17) Unimproved Capital Value
Improvements	3 houses, campground, 8 cabins, 3x dams, new single phase power poles, roads, 3 sheds, walking trails
Listed Price	\$1.9 million
Offer Made:	Verbal \$1.5 million knocked back 28/5/18
Current Fundraising	As at 14/6/18 \$975,000 has been pledged

The land has been in private hands for 35 years. It has never been sold while on-line records have been kept. The current owners developed this property from virgin land. The Country Fire Service maintains fire trails around the eastern and southern boundary.

In 2004 Albert City Council gave permission to the owners to be used as a 100 person Campground. The only stipulations were that 1) all buildings need to be council compliant and 2) it must be used continuously as a campground (it can have a 12 month break). GCCC has agreed in writing to honour any existing Albert City Council zoning.

Financial / Legal Goals

BNEV shall:

1. secure physical property for an eco village forever
2. remove all ability to speculate on land or housing (land banking) within the village by maintaining a rental model
3. foster and require a strong sense of community, giving all residents a significant say in the running of the village, and encouraging a less individualistic approach to life
4. attract and cater to a mixed demographic
5. maintain affordability for all residents

6. maintain financial viability and fiscal responsibility while aiming to create surplus for short term goals of maintenance and improvement and long term goals such as the creation of other villages
7. allow easy exit for residents
8. facilitate and encourage micro businesses
9. create a cooperative business model for trade, which some villagers may be able to derive an income from
10. be self-funded, outside the current banking and financial system with investors receiving interest per annum
11. never allow individuals to profit financially from capital gains
12. take 'ownership' (stewardship) of this land without jeopardising the current legal status
13. work in partnership with an experienced legal team to generate the legal documents (Community Land Trust, loan agreements, rental agreements, etc.) to purchase the property in a timely manner
14. be completely transparent in all financial matters
15. be focused on a 'triple bottom line' of people, planet and profit. The village will seek to increase all 8 forms of capital¹
16. Legal structure will be suitably simple and flexible, so as to meet our needs now and into the foreseeable future

Overview of our vision

This eco village:

1. is based on a rental model
 - 1.1. Lots will not be for sale. The property will be purchased through a non-profit entity and held in a Community Land Trust.
 - 1.2. All spaces will be rented to the residents
 - 1.3. Spaces are not to be sub-let without permission of the pod and/or village
2. is a co-housing development. This means:
 - 2.1. that our three 'centre houses' are shared spaces and therefore residents will have significant shared time together.
 - 2.2. that tiny houses on wheels (THOW) will be accommodated in the village which is made possible through campground zoning
 - 2.3. there will be a shared meal every night in the centre house. This will be on a 'opt out' basis to accommodate the needs of villagers. There will be a roster for cooking and cleaning.
 - 2.4. that residents in THOW spaces will be connected to one particular house and become full contributing members of that 'pod'
 - 2.5. that the pods will likely develop their own character, eg, family pod, vegetarian pod, etc
3. is looking for people who:
 - 3.1. are respectful of other needs (privacy, noise, etc)
 - 3.2. have children that are respectful to others
 - 3.3. contribute and are generous of spirit
 - 3.4. are hard workers and are willing to grow as people
 - 3.5. are gracious to humans, animals and earth
4. is looking for people who share the basic ecological principles of:
 - 4.1. reducing carbon footprint
 - 4.2. saving water and energy

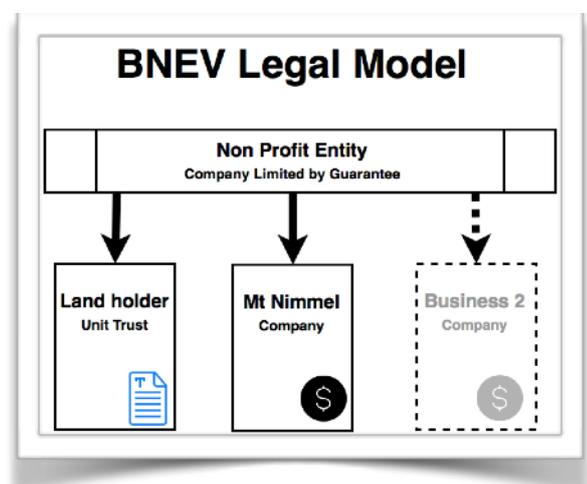
¹Intellectual, spiritual, experiential, financial, social, material, living, cultural. See link for further reading: <http://www.appleseedpermaculture.com/8-forms-of-capital/>

- 4.3.support renewable energy
- 4.4.working towards consuming fewer single use items and reducing plastic generally
- 4.5.working towards sustainability
- 4.6.engaging in gardening/permaculture/syntropic farming
- 4.7.taking action to increase the native animal populations on the property, and for this reason, domesticated pets like cats and dogs are not accepted at this village.
- 5. will be transitioning to off-grid:
 - 5.1.Tiny houses won't have access to 240v power, rather they will need to be powered by solar.
 - 5.2.Tiny houses can be connected to water tanks.
 - 5.3.There will be a planned transition to composting toilets.
- 6. will be beautiful. Tiny Houses will need to be finished before moving onto the land, and there will be a preference for well-presented tiny houses over caravans.
- 7. will have a focus on health:
 - 7.1.illicit drug free
 - 7.2.limit alcohol
 - 7.3.non-smoking
 - 7.4.serve vegetarian/vegan common meals
 - 7.5.limit car use within the village

Legal Structure

We will have three main entities:

1. Non-profit Company Limited by Guarantee (CLG): All other entities will sit under and serve the non-profit. The board will operate a Community Land Trust (CLT) to protect the affordability for future generations.
2. Ownership via a Unit Trust: This entity will own the title deed. It is static in that it owns land and nothing else (ie takes no risk). The beneficiary of the trust is the non-profit entity.
3. Management via a Registered Company: Currently referred to in this document as 'Mt Nimmel', this is a trading company that will manage the daily affairs of the village eg. receive rental and campground income and pay for maintenance and property improvement. Other businesses may be created in the future. Legal advice is that it is beneficial to run our business/ social enterprises as a commercial business, however profits will be returned to the non-profit entity.



CLT's² are popular in the US (where they started) and in the UK. They have been slow to take hold in Australia. The benefit of a CLT is that the land can't be sold to benefit individuals. This keeps the land affordable.

The non-profit entity will need to abide by the normal rules of a CLG. The entity will have directors, a board and members who vote in an Annual General Meeting (AGM) and any other special or extraordinary meetings. Full financial members are eligible to become board members. (However, day to day life on the village will be run in a way that allows all residents to contribute).

² <http://communitylandtrust.com.au>

The board will be the visionaries, who ensure that the social enterprise is viable and meets government regulation. It will typically be a number of people (approximately five people) who have industry, business and/or non profit experience. The board members need to have a positive good working relationship. The board is made up of a mixture of those who are financially invested, and not financially invested, and who are residents and non-residents.

Pros and Cons of our chosen legal structure

Our legal team believes that a charity/non-profit status will meet the unique demands of this village. We are currently meeting with other professionals such as auditors to ensure that all is in place.

Pros:

1. Land is able to be sold, but profits not able to be distributed to individuals
2. Tax concessions are available for example, income is GST free up to \$150,000 p.a (corporations pay GST at a lower threshold)
3. Non-profits have the ability to apply for and receive grants.
4. Investors are protected from legal liability.
5. Set up for a non-profit CLG can be undertaken in approx 7 days to get the legal aspects finalised and around two weeks to obtain charity status.
6. Affordable set-up costs are possible (under \$10,000 for legal documentation).
7. Charitable organisations have different (favourable) status in fundraising.
8. The use of multiple entities means that in the future, the unit trust, for example, (which owns the land), may be able to negotiate with Council for a material change of land use. Also, part or all of the business could be sold without affecting the unit land trust and the non-profit company.

Cons:

1. Companies pay increased land tax, for example, at this property, the land tax would be approximately \$7500 every year. Other tax breaks will offset this easily and charitable/non-profit status may allow a land tax exemption.
2. Companies have more compliance issues and are slightly harder to administer. The entity will employ the services of a bookkeeper - at a cost of \$200 a month - who specialises in non-profit companies.
3. The non-profit entity will need to be audited but will not require tax returns.

Business Plan

As no individual resident is to have an interest in the underlying asset, or houses on the land, we are using a rental model so ALL residents will rent rooms, business space and tiny house lots.

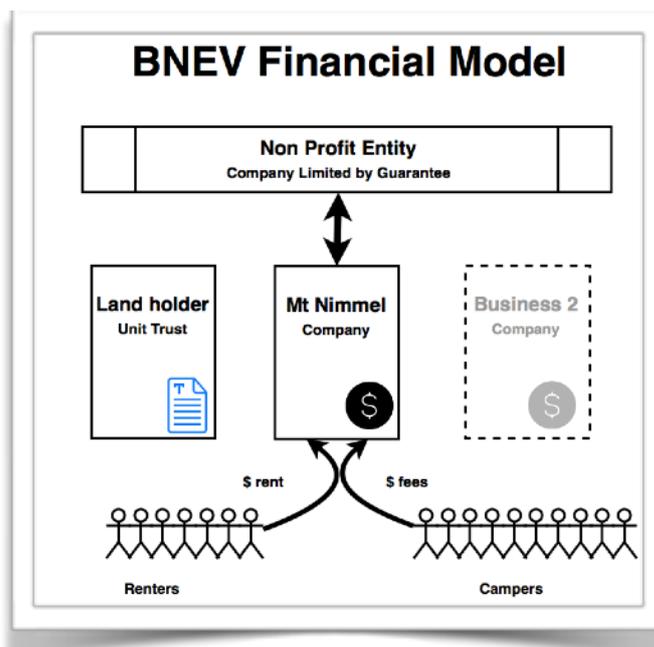
The main income of the village is from renting:

1. bedrooms or offices (there are twelve rentable rooms over three houses)
2. tiny house plots (physically close to the houses)
3. micro business spaces:
 - 3.1.rooms for office/studio
 - 3.2.shed space for private workshops/studios
 - 3.3.land space (for food production, etc)

4. Campground:
 - 4.1.camping plots
 - 4.2.cabins

The land will continue to be used as a private campground enabling the village to derive income and to maintain campground status.

Over time, the village will be able to develop income from other sources such as a permaculture farm, and other sustainability projects. The village could then re-brand to bring people in for mini festivals, workshops, focusing on 'eco tourism' activities. Future use of existing infrastructure (including cabins and houses) will be negotiated by residents in conjunction with the board.



Main Village Business

Currently the campground turns over around \$70,000 per annum from a camping space and eight cabins³. There is an unpaid caretaker who collects the money and the family owners continue to handle bookings. All the adult members of the family have full-time employment outside of Mt Nimmel Lodge⁴ and Campground. They turn away quite a few clients, and have let many of their bigger bookings from schools etc, slide. The majority of income presently comes from backpackers and occasional groups. In short, they have lost passion for the campground, which is why, with focused attention, income could easily be doubled from the campground. The financial forecast has allowed five years to do so. Each cabin attracts \$20 per person, per night. Income of \$160 per night, per cabin is possible at this rate - that's \$1200 per night at capacity.

The board will make decisions regarding pricing of camping and cabin space (ie the Mt Nimmel campground) although current rates would remain for the immediate future. All overnight visitors would pay the fee except for family and friends of eco village members who could use passes allocated to each resident over the year (eg, 10 nights per year of complimentary friends and family camping/cabins).

As the village grows, other sources of income may become evident. Some examples could include festivals and conferences, sale of produce, workshops, or other eco-driven projects and possibly philanthropic grants.

Rental Income -Village Residents

1. The rent will be around 75% of rental costs in local area. The possibility of 'work for rent' may only be available to the village in maturity. Rent will be 'pegged' to a transparent economic indicator (eg: A percentage of CPI, average income or average rent in area, or a statistical website)
2. Rates, insurances and property improvement will be incorporated as part of the rent.

³ Seven cabins have 8 beds. and one cabin has 4 beds

⁴ The lodge was never built.

3. Resident investors will pay rent, but they will be also receiving interest payments per annum from their investment. The interest payments will, of course, be diminishing over time as principle is payed back.
4. Cost of living expenses (water, electricity, gas, food) will be additional to rent.
5. A small (non-refundable) membership fee is charged throughout the membership process (three increasing instalments) to ensure a high level of commitment to the project, yet not financially onerous. The three payments would equal approximately \$2500 (with investors over \$15 000 exempt from most of this fee). See 'Membership Process' document for more detail.
6. The objective is for 100% occupancy.
7. Costings assumptions have been made in the financial projections below.
8. Final costings decisions would be made by the board.

Rental Prices - Bedrooms:

1. The average rental for a one bedroom apartment for 'outside the city centre' of Gold Coast is \$303.30 per week⁵.
2. Rooms would be rented at a sliding scale (set by a mathematical equation) depending on:
 - 2.1. square meterage of the private space
 - 2.2. number of people in that private space (typically it's more expensive to rent as a couple than a single)
 - 2.3. shared space in pod (Queenslander has less shared space, so may be cheaper)
 - 2.4. private access to amenities (ie an ensuite would add to the price)
 - 2.5. families who rent multiple rooms may receive a discounted rate
3. Financial projections assume \$225 per week per room including utilities.

Rental Prices - Tiny House Plots

1. Tiny houses plots would be rented at a sliding scale (set by a mathematical equation) depending on:
 - 1.1. square meterage of the lots
 - 1.2. number of people in that private space
 - 1.3. number of plots rented (families who rent multiple plots may receive a discounted rate)
2. Financial projections assume \$175 per week per plot⁶ including utilities.

⁵ According to www.numbeo.com @ May 2018

⁶ Rental for a for a tiny house / caravan plot at the local Caravan Park is \$94.50 plus utilities. <http://www.dailymail.co.uk/news/article-3531156/Mudgeeraba-Holiday-Village-squalid-hellhole-drugs-crime-conditions-bad-children-automatically-removed-authorities.html>

Utilities

1. The average costs of utilities (power, heating, cooling, water, garbage) is \$43.63 per week and internet is \$17.33 in the Gold Coast region⁷. (Total of \$60.96). Financial Projections assume \$25 per week per renter due to economies of scale and the focus on lower consumption
2. Savings in this area can occur by:
 - 2.1. composting and minimising rubbish
 - 2.2. recycling rubbish
 - 2.3. responsible rubbish management
 - 2.4. sharing internet
 - 2.5. looking after our own water needs (need to factor in buying additional water tanks, etc)
 - 2.6. adding insulation to the houses
3. Utilities are not on a sliding scale. Each person over 15 years will be charged the flat rate.
4. Financial projections assume \$25 per week per renter.
5. Final costings decisions would be made by the board.

Food

The village operates on a shared kitchen in each pod, with significant savings through buying bulk and growing food. \$50 in cash each week for each person over 15 is sufficient to buy enough good quality food for all meals. Villagers could purchase additional extra food for personal consumption. This cost may go down over time as more food is grown in the eco-village gardens.

Micro Business -Village Residents

Villagers are encouraged to start or continue their own business in the village. They will rent space based on the nature and size of the space. All profits made by micro businesses is theirs alone.

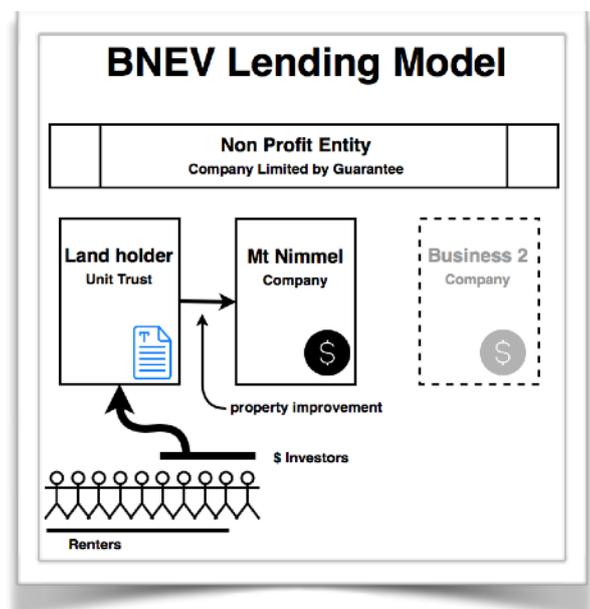
Funding the Eco Village

The village aims to borrow money outside of the banking system. Investment is currently being sought from people interested in becoming residents or non-resident investors who are interested in investing ethically and share the vision.

A loan entity will be created in which a number of investors will loan to the village. The investment load will be spread as equally as feasible.

Investors will:

1. receive a modest interest rate of 3.5%, and will be paid back as quickly as possible (financial projections indicate that this can be done 11 years)
2. be given an option to provide an interest free loan
3. not have any special claim to village membership. They will still be required to complete the membership process, and will not be given special treatment, other than they won't need to pay most



⁷ According to www.numbeo.com @ May 2018

of the membership entrance fee.

4. have their principal paid down equally. Some concessions could be made if certain investors have a need to receive capital earlier as long as others are comfortable to loan for the full term and receive capital later in the payment period.
5. be eligible to receive their investment back in urgent cases after a 2 year period provided that it will not jeopardise the project's success.

The entity will undertake to:

1. maintain cash reserves and have wait-listed investors, allowing other investors to be paid out quickly if needed
2. handle finances responsibly, which includes good accounting practice and not overspending
3. do as much in-house as possible, but with the proviso that professional advice and services are sought where needed
4. pay interest and capital repayment annually

When the investors are fully paid out, the entity will own the land. Villagers will continue to pay rent so that:

1. the village can improve land and infrastructure (working towards a purpose built co-housing development)
2. enter into micro-credit loaning for villagers and potential villagers
3. buy more land to build other villages with the same model,
4. other ecological and social projects.

All loan agreements will be written up by the appointed lawyer.

Membership Process

1. The village will hold fast to the eco-village maxim, "Hard to get into, easy to leave".
2. Residents will undergo an extensive two-year membership process, but will be able to reside in the village at some point during this process.
3. Residents will not only be chosen on their individual merits but on many factors including a good mix of ages, skills and genders.
4. Loaning money to the village does not give any special membership rights.
5. Renters/residents will be elected slowly and over time to ensure the best fit.
6. A membership team will be established and open to people with full membership.
7. As this is a co-housing development and villagers will be living with each other, there will be 100% consensus needed to accept new residents.

Risk

Should the project no longer be viable into the future, the property can be sold. Proceeds of a non-profit cannot be distributed to the members, but all investors will be paid out from the proceeds of the sale, thereby minimising risk to investors. As required by law, any capital gain will be distributed to another non-profit of our choosing (after all investors have been paid).

In the unlikely event that investors have paid into the loan and the land is not purchased by this entity, investors will receive their money back. Any small sums of money spent on initial legal documentation and other administration fees to date, would be taken out of the investors lump sum (proportionate to the amount they have invested).

Undergirded by professionals

The village will be utilising a legal team (lawyers, accountants and auditors) specialised in the setting up of CLT's and non profits.

Lawyer: David Chung from Creo Legal, *Startups, commercial and property lawyers* <https://creolegal.com.au>

Financial Consultant: Troy Schoenfisch who specialises in and has a passion for growing and maintaining non-profits and has specialised knowledge around CLT's to ensure compliance to non-profit status. <http://www.troysbookkeeping.com.au>

Community Land Trust Australia - Andrew Paul (Property Developer) and Gary Flomenhoft (Consultant) are available to support us through the process. <http://communitylandtrust.com.au>

Auditor - Letitia Weatherhead. Moore Stephens. <http://www.moorestephens.com.au>

Zoning

We will seek, after the project is mature, to work closely with council to pioneer a code especially for eco-villages.

Financials

The following pages show the:

1. Five year financial projections
2. Assumptions underlying those projections
3. Last two financial years 'Mt Nimmel Profit Loss for 2016 & 2017'

5 Year Projections

	18/19	19/20	20/21	21/22	22/23		
Income							
Rental	\$111,800	\$162,500	\$201,500	\$213,200	\$234,000		
Campground	\$75,000	\$110,000	\$120,000	\$130,000	\$140,000		
Business / Grants	\$0	\$10,000	\$12,000	\$15,000	\$17,000		
INCOME TOTAL	\$186,800	\$272,500	\$321,500	\$343,200	\$374,000		
Expenditure							
Power	\$5000	\$3000	\$3500	\$4000	\$4500		
Rates	\$1700	\$1800	\$1900	\$2000	\$2100		
Land Tax	\$7500	\$7600	\$7700	\$7800	\$7900		
Insurance	\$5000	\$5100	\$5200	\$5300	\$5400		
Advertising	\$4000	\$4000	\$4000	\$4000	\$4000		
Loan Interest Payment	\$63000	\$61250	\$57750	\$53200	\$47950		
Loan Principal Payment	\$50000	\$100000	\$130000	\$150000	\$180000	*Initial Investment	
Maintenance / Property Improvement	\$0*	\$40000	\$50000	\$50000	\$50000	\$100,000 spent on property in first year from initial loan.	
Wages	\$20000	\$20000	\$25000	\$35000	\$40000	Solar Power	
Accountancy	\$4000	\$4100	\$4200	\$4300	\$4400	Solar Hot Water	
Misc	\$4000	\$4000	\$4000	\$4000	\$4000	Permaculture	
EXP TOTAL	\$164,200	\$250,850	\$293,250	\$319,600	\$350,250	Masterplan	
Balance	\$22,600	\$21,650	\$28,250	\$23,600	\$23,750		

Assumptions Underlying Projections

Space for Rent

How many people	MAX		18/19		19/20		20/21		21/22		22/23	
	Rooms	TH	Rooms	TH	Rooms	TH	Rooms	TH	Rooms	TH	Rooms	TH
Pole	4	3	3	0	3	1	3	3	3	2	4	3
Ranch	6	3	4	2	5	1	6	2	6	3	6	3
QLD	3	3	1	0	2	3	2	3	3	3	3	3
TOTALS	13	9	8	2	10	5	11	8	12	8	13	9
Rental Income	\$2925.00	\$1575.00	\$1800.00	\$350.00	\$2250.00	\$875.00	\$2475.00	\$1400.00	\$2700.00	\$1400.00	\$2925.00	\$1575.00
Total Income	\$4500.00		\$2150.00		\$3125.00		\$3875.00		\$4100.00		\$4500.00	

Variables

Weekly Rental - Rooms	\$225	Including \$25 Utilities	
Weekly Rental - Tinys	\$175	Including \$25 Utilities	
Interest on Loan	3.5%		
Years of Loan	11		
Amount Loaned	\$1,800,000		
Principle Paid 1st year	\$50,000	Principle Left 1st	\$1,750,000
Principle Paid 2nd year	\$100,000	Principle Left 2nd	\$1,650,000
Principle Paid 3rd year	\$130,000	Principle Left 3rd	\$1,520,000
Principle Paid 4th year	\$150,000	Principle Left 4th	\$1,370,000
Principle Paid 5th year	\$180,000	Principle Left 5th	\$1,190,000
Principle Paid 6th year	\$180,000	Principle Left 6th	\$1,010,000
Principle Paid 7th year	\$190,000	Principle Left 7th	\$820,000
Principle Paid 8th year	\$200,000	Principle Left 8th	\$620,000
Principle Paid 9th year	\$210,000	Principle Left 9th	\$410,000
Principle Paid 10th year	\$220,000	Principle Left 10th	\$190,000
Principle Paid 11th year	\$190,000	Principle Left 11th	\$0

Purchase Price Breakdown

Purchase Price	\$1,600,000
Legals	\$10,000
Transfer Tax (Stamp Duty)	\$90,000
Property Improvements	\$100,000
TOTAL	\$1,800,000

Mt Nimmel Profit Loss 2016 & 2017

	2017	2016		
Income				
Camp Fees	\$66,853.32	\$63,130.00		
TOTAL	\$66,853.32	\$63,130.00		
Expenses				
Accountancy	\$814.00	\$715.00		
Advertising	\$2,870.95	\$116.50		
Bank Fees	\$120.00	\$144.50	\	
Cleaning / Rubbish Removal	\$1,237.52	\$1,109.62		
Depreciation	\$8,003.00	\$7,381.00		
Electricity and Gas	\$5,113.16	\$4,268.76		
Fees and Charges		\$109.15		
Fuel and Oil	\$2,285.44	\$1,660.17		
Hire Plant and Equipment	\$897.50	\$804.67		
Insurance	\$4,862.00	\$4,011.98		
Vehicle Expenses	\$2,216.69			
Printing and Stationary	\$63.49			
Rates and Land Taxes	\$1,657.08	\$1,485.16		
Repairs and Maintenance	\$25,251.53	\$18,288.19		
Replacements	\$4,248.44	\$2,115.26		
Sundry Expenses	\$1,222.60	\$1,503.45		
Telephone	\$50.00			
TOTAL EXPENSES	\$60,913.40	\$43,713.41		
Net Profit	\$5,939.92	\$19,416.59		