

APPENDIX B – Business Case for redevelopment of 4 Coptfold Road

Business Case for renovating 4 Coptfold Road.

This is a property that was being let by Housing via Brentwood Housing Trust to Council Tenants. It was allowed over time to fall into considerable disrepair and some months ago became unlettable.

Given the high cost of renovation required it is not cost effective for Housing to undertake the work given the lower social rent level that would be received.

The Council's General Capital Programme has resources set aside for asset renovation projects such as this where "invest to save" benefits can be demonstrated.

The alternative would be to leave the property vacant to deteriorate further thus reducing the value and appeal of the surrounding area, along with many other social impact consequences.

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Property Valuation by Independent Professional Valuer *	315,000
Renovation work required – Existing Capital Programme	50,000
Total "Cost" – Transferred Capital Financing/Use of Capital Programme Resources	365,000
Additional net Revenue Income stream (Full year):	
Annual Rental Income from Private Tenants	15,000
Less Repairs & Maintenance	- 2,000
Less Minimum Revenue Provision (£315,000 over 70 years)	- 4,500
Additional net income to the General Fund pa	8,500
* Accounting/Capital Financing adj between Housing and General Fund	
Property Management can currently be covered by in-house resources	

Effectively, by using £50,000 of capital resources the General Fund will benefit by an ongoing £8,500 per annum.

The General Fund will also benefit by future rental increases and by capital appreciation on the property value.