

Economic Assumptions Framework For Epping Forest District Council

Operating / Revenue Assumptions

Affordable Rent

| Affordable Rent Item | Suggested Value |
|---|------------------------|
| Investment Period | 45 years |
| Rent Increase (above RPI) | + 0.50 % |
| Major Repairs Cost per Unit (from year 7) | 0.80 % * £1,300 * GIA |
| Management Cost per Unit | TBC |
| Maintenance Cost per Unit | TBC |
| Voids | TBC |
| Bad Debts | TBC |

Inflation Elements

| Inflation Items | Suggested Value |
|-------------------------------|------------------------|
| Long-term inflation forecast | 2.50 % |
| House Price Inflation | RPI |
| Management Costs Inflation | RPI + 1.00 % |
| Maintenance Costs Inflation | RPI + 1.00 % |
| Major Repairs Costs Inflation | RPI + 1.50 % |

Funding Elements

| Funding Items | Suggested Value |
|--|------------------------|
| Debt Funding: Development Period | TBC |
| Debt Funding: Long-term Financing Period | 30 years |
| Debt Funding: Long-term Financing Rate | TBC |
| NPV Discount Rate (Social & Affordable Rent) | TBC |

Approval Criteria

Affordable Rent

| Approval Criteria | Suggested Value |
|-------------------------------|------------------------|
| Internal Rate of Return (IRR) | 7 % |
| Net Present Value (NPV) | > £0 |
| First Year Deficit (FYD) | On a programme level |
| Cost-to-Value (C/V Ratio) *** | 100 % |
| Payback year | < 40 years |