

Housing Executive

Northern Ireland Housing Executive
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Chief Executive
W.V. Blease, MA BSc(Econ) MIH

1. Acknowledged
2. Mr. McCann
8/22/86

Dan Barry Esq
Permanent Secretary
Department of the Environment
Parliament Buildings
Stormont
BELFAST
BT4 3SS



CONFIDENTIAL

date 21st April 1986

your reference

our reference

Dear Dan,

RE: DIVIS

Further to our discussions on Friday last the Chairman has asked me to let you have on an informal basis, two copies of the report of the recent study on the options for the Divis Complex.

In view of the sensitive nature of these papers, the Chairman considers you may wish Frank McCann to follow up with Billy Cameron the assumptions, costs, etc., incorporated in the study.

Yours sincerely,

W.V. Blease

W.V. BLEASE
Chief Executive

To Mr W Cameron Director of Operations

From W McGivern R.D.(B)

Date 15 April 1986

File No. _____

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Subject DIVIS - INVESTMENT APPRAISAL

1.0 Introduction

I attach the Investment Appraisal analysis on Divis which evaluates the options for the future purely from a financial perspective. A range of assumptions regarding both capital and revenue expenditure had to be made and these are embodied in the report.

2.0 The Current Position

The last package of proposals comprised of the following:-

- (i) Vertical isolation into groups of blocks
- (ii) A pilot improvement scheme for Milford in advance of further improvements
- (iii) The demolition of Pound and St Brendan's.

Not typical of remainder! ←

These elements were to be concurrently implemented. No progress was made in attaining local agreement to undertake any works of an improvement nature despite sustained efforts on the consultation front. The conditionality factor has now been removed and it is expected that the remaining residents from both Pound and St Brendan's will be rehoused and demolition be carried out within this financial year.

3.0 Other factors

The replacement of the Grosvenor District Heating system is well advanced. It is proposed, nonetheless, to retain the boiler for a further two years to service the remaining Divis dwellings (282). This will facilitate resolution of the asbestos and related issues which may necessitate decanting. A total of 175 dwellings at St Judes, Milford and part of Cullingtree are connected to this District Heating system. The remainder of the main complex are serviced by gas. The latest indications are that the general Belfast degasification programme should be implemented during the next 3 years.

4.0 The Investment Appraisal Process

The evaluation has been applied to the 441 dwellings which will remain after demolition of the Pound and St Brendan's Blocks. Divis Tower has been excluded. The major options which have been evaluated are as follows.

- Option 1 - demolition and replacement with new build
- Option 2 - refurbishment to provide a larger number of dwellings of reduced size with varying fire standards as follows:-

- (a) no improvement
- (b) intermediate improvement (upgrading of internal staircase and provision of self closing doors)
- (c) full improvement (as at (b) plus linking of balconies)

The following are the costs per option and cost differences.

	Costs (£m)	Differences (£m)
1	15.929	-
2 (a)	19.302	3.373
2 (b)	22.618	6.689
3 (c)	23.217	7.288

Variations to the assumptions within a realistic range will have only a relatively small effect on the net cost differences.

4.1 The main cost differences are generated by the continuing revenue costs associated with management and maintenance of medium-rise deck access accommodation and, in particular,

- (a) the replacement, staffing and maintenance of lifts (£2.249m), and
- (b) the additional maintenance costs including those associated with lighting and cleaning of communal areas. (£1.757m)

Additional rental income generated by an equivalent number of traditional dwellings would be £1.4m. The net present cost of other additional response maintenance and management costs is estimated at £1.0m.

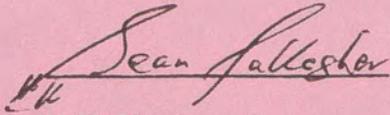
5.0 Options for the Future

If a judgement is to be made on the results of the investment appraisal alone, it would make economic sense to demolish the remainder of the Complex (excluding Divis Tower). This could only happen at a pace dictated by the supply of alternative suitable accommodation with reference to the rehousing preferences of the tenants. The majority of residents would prefer "local" traditional accommodation but more flexibility may occur upon any commitment to future demolition. In any event, the rehousing of upwards on 500 families would have to be undertaken on a phased basis and could take up to 10 years to implement. The latter assumes housing development on the site of demolished blocks. It is estimated that there is gross potential putback of up to 180 dwellings if all blocks were demolished. (total site)

5.1 Any review of the demolition option should also take account of possible alternative uses for one or two of the 'better' blocks. As demolition proceeds the relative viability of retaining a small number of blocks could be reviewed with reference to changing revenue costs. They may be appropriate for housing small adult families or singles either by the Executive or the voluntary housing movement. The proportion of the waiting list requiring small accommodation is increasing but, ultimately, the retention of a couple of blocks for this purpose would necessitate further capital expenditure with a high emphasis on tenant security.

6.0 Conclusion

The result of the Investment Appraisal appears to support total demolition and new build as the most cost effective solution.

Handwritten signature of Sean Gallagher in cursive script.

W McGivern
Regional director - Belfast