

2.12 Senator A. Breckon of the Minister for Housing regarding the determination of the prices for the 46 residential units at La Providence.:

How were the prices for the 46 residential units of La Providence determined as detailed in R.68/2009?

Senator T.J. Le Main (The Minister for Housing):

As my Assistant Minister spent a huge amount of time with officers dealing with this, could I ask that the Assistant Minister deals with this question please?

Deputy S. Power (Assistant Minister for Housing - rapporteur):

At the outset, could I point out that the Housing Department inherited the Homebuy plan from the Minister for Planning and Environment. The 46 homes of La Providence were valued by an independent member of the Royal Institute of Chartered Surveyors using his experience of the local market. That was in the manner approved by the previous Health, Social Security and Housing Scrutiny Sub-Panel of which I was chair. These values are shown in R.68/2009 in the appendix. These values were then initially discounted by the 35 per cent deferred payment as set out in the Minister for Planning and Environment's Homebuy proposition. This resulted in an indicative purchase price of between £283,000 and £302,000. During the period between the Minister for Planning and Environment's proposition and the delivery of the scheme by the Housing Department, bank lending criteria radically changed. Financial modelling indicated by the Housing Department showed that Homebuy prices had to come down to somewhere between £255,000 and £265,000. The Housing Department, including myself and the senior officers of the Housing Department, re-approached the developer, Dandara, and the result of that was that the developer agreed in March of this year to reduce the price of the homes to arrange it between £255,000 and £265,000 which indicated a discount of between 40 and 44 per cent on the market value.

2.12.1 Senator A. Breckon:

Does the Assistant Minister believe it is realistic just to get one valuation and does he know if the valuer used other comparatives on other estates recently built?

Deputy S. Power:

There were 2 independent valuations carried out. One by the chartered surveyor instructed by the Housing Department and one by the developer, Dandara, and there was not much difference between the 2 valuations.

2.12.2 Senator A. Breckon:

Does he know if any comparatives were used about recently built estates and a devaluation on those values?

Deputy S. Power:

The Housing Department is aware that because of the changes in bank lending criteria there has been a retraction in the valuations of some houses on the market in this price sector. However, we feel that given the gateway eligibility scheme which dictated that the maximum couples or parties eligible for a Homebuy could only borrow 5 times a gross combined salary of between £40-60,000, we knew then we had to stick to a value of between £250,000 and £260,000 and there has been very little movement in the market since then.

2.12.3 Deputy S. Pitman:

Would the Assistant Minister explain why mortgages were not put in place before the houses were allocated to people as there are still a number of people who have houses allocated to them but cannot get a mortgage?

Deputy S. Power:

My understanding is as of this morning on the Homebuy Mortgage Summary of the 46 houses 33 parties have now been approved for mortgages. There are 2 people who are waiting on confirmation from one banking group. There are 3 people who have pulled out and those houses have been reassigned and there are 8 parties who are waiting on confirmation by another banking group.

2.12.4 Deputy S. Pitman:

My question has not been answered. People are being allocated houses where the Housing Department have not sought to put in place mortgages with banks. Surely these mortgages should have been put in place before these people are allocated houses, allocated their number.

Deputy S. Power:

I can make it clearer to Deputy Pitman that the Housing Department does not negotiate mortgages on behalf of couples or parties who have been allocated a Homebuy property. As entirely a credit relationship and an appraisal relationship between the successful parties who have been allocated a Homebuy property, that is between them and their banker. I can tell the Deputy that the Housing Department have had a series of meetings with the Jersey Bankers Association and because of those meetings with the Jersey Bankers Association I can confirm that 10 mortgages were approved by HSBC, 4 with Lloyds TSB and 19 with Barclays and we are waiting on one other group. So while the department cannot get involved in individual credit assessments, the department has been right in the middle of working with the Jersey Bankers Association because of the credit crunch.

2.12.5 Senator A. Breckon:

The Assistant Minister has mentioned a tinkering that they were priced to sell but I would ask him if he thinks that is realistic bearing in mind that the area is prone to flooding. It may give him a clue, it is Goose Green Marsh.

Deputy S. Power:

Goose Green Marsh is the original name of the area where these houses are built. If the Senator is referring to the thunder storm and heavy rain shower that happened on Monday 22nd, a lot of standing water was found in a lot of Parishes. My information from both T.T.S. (Transport and Technical Services) and from the developer is that the standing water in La Providence cleared within 30 to 35 minutes and, indeed, the final construction of the attenuation tanks is more or less complete. We are now waiting for the pumping station to be completed at Route de la Haule.

The Bailiff:

We will move next to question 14 which Deputy Tadier will ask of the Minister for Education, Sport and Culture.

Deputy M. Tadier:

I would be happy for this question to fall away. I feel it is very similar to question number 2 and I do not believe any more information will be gained from it being answered so can we move on to the next question?

The Bailiff:

Thank you very much, Deputy. I think Question 15 has been withdrawn anyway. Is that right, Deputy?

Deputy K.C. Lewis:

Yes, Sir. On a point of information, the Chairman of the Comité des Connétable has requested I withdraw this question for the time being pending a meeting between myself and the 4 Connétables to discuss the ramifications.

The Bailiff:

Very well, so we move then to question 16 which Senator Breckon will ask of the Minister for Planning and Environment.