

**WRITTEN QUESTION TO THE MINISTER FOR INFRASTRUCTURE
BY DEPUTY A.F. CURTIS OF ST. CLEMENT
QUESTION SUBMITTED ON MONDAY 4th NOVEMBER 2024
ANSWER TO BE TABLED ON MONDAY 11th NOVEMBER 2024**

Question

“Further to [Written Question 323/2023](#), will the Minister state –

- (a) the value of the independent valuations received for the former Seaside Café at Grève de Lecq;
- (b) how these valuations were assessed;
- (c) whether any specific industry methodologies (for example Royal Institution of Chartered Surveyors (RICS) guidance) were used in the determination of these valuations; and
- (d) what advice, if any, was provided to the Minister to inform his negotiations with the former owner?”

Answer

Context

On 19th July 2023 the States Assembly voted in favour of P.53/2023 (by 32 votes to 10 with one abstention). Parts (a) and (b) of the proposition, as amended, requested the the Minister for Treasury and Resources, in consultation with the Minister for Infrastructure –

- (a) to negotiate, on behalf of the States of Jersey, the purchase of the former Seaside Café and car park site at Grève de Lecq for a use that would be of environmental, cultural and social benefit to the public, including the option of working with partner organisations in completing the purchase and securing the future of the site;
- (b) to ensure that the negotiated price represented value for money and that, prior to the transaction being presented to the States in accordance with Standing order 168, the price had been subject to independent review.

(a) Valuation

The site had planning permission for a café/restaurant with associated parking and a four-bedroomed luxury house with triple garage, swimming pool, bunker store and associated landscaping (applications P/2021/0861 and P/2022/0382).

The site was for sale via one or more local estates agents for £5 million as it currently existed, or for £11 million if sold once the redevelopment is completed.

One of the valuations undertaken for Jersey Property Holdings (“JPH”) gave a figure of £1.1 million as the residual value of the land/site. The other valuation was negative £4.45 million. A third valuer was also invited to value the site, but that firm declined the instruction as it also arrived at a negative site value and did not wish to submit a report on that basis.

What the valuations point to is that the approved scheme had a disproportionately high construction cost in relation to the possible sale price of the completed redevelopment, giving a low or negative residual land/site value. Put simply, the cost of buying the site and then constructing the approved development would be higher than the finished property was likely to achieve on the open market, particularly in view of the current slowdown in the property market.

(b) and (c) Assessment

JPH commissioned 3 independent valuations of the site by valuation surveyors qualified under the Royal Institution of Chartered Surveyors. The basis of the valuations was the residual land value based upon the approved redevelopment scheme. That entailed:

- a. estimating the total cost of constructing the redevelopment, including demolition costs and fees.
- b. Opining the value of the completed redevelopment, i.e. the price that it would sell for on the open market.
- c. Subtracting the cost of construction and estimated developer's profit from the opined sale price to give the residual value of the land/site.

The approved scheme was a relatively complex one and there are few directly comparable properties in the marketplace to assist with opining a value of the completed redevelopment. However, the valuations did assess a number of existing homes and properties that offer broadly similar accommodation and suggested that a purchaser looking in this price bracket could find alternatives with other significant benefits, including a much greater level of privacy for the occupants.

An additional factor was that the construction proposed was relatively complex, and estimating the construction costs depends on what assumptions are made as to what methods and standards of construction would be employed. Also, assumptions regarding developer's profit can significantly affect the residual valuation.

However, a different redevelopment scheme might well yield a higher site value. The site as it existed with a café, large car park and two residential units, could be purchased as an investment opportunity with a view to leasing-out the existing café and residential units, and possibly also part of the car park. In discussion with the two valuers, it was considered that the value of the site in that context could be in the region of £2.5 million. It must be noted however, that this value does not account for the additional and well publicised social benefits of keeping the site in public ownership which would add a considerable premium to a public bid.

(d) Advice to the Minister

All of the above was discussed with the previous Minister in the process of the negotiation.