

STATES OF JERSEY

Health, Social Security and Housing Sub-Panel

Social Housing Property Plan Review

THURSDAY, 3rd MAY 2007

Panel:

Deputy S. Power of St. Brelade (Chairman)

Deputy A. Breckon of St. Saviour

Connétable G.F. Butcher of St. John

Connétable S.A. Yates of St. Martin

Deputy R.G. Le Hérissier of St. Saviour

Witnesses:

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

Deputy J.A. Hilton of St. Helier (Assistant Minister for Housing)

Mr. I. Gallichan (Chief Officer)

Mr. C. Mavity (Director of Estate Services)

Mr. J. English (Management Accountant)

Mrs. Dominique Caunce (Director of Tenant Services)

Deputy S. Power:

Can I welcome everyone from the Housing Department, Minister, Assistant Minister and officers? My name is Sean Power. I am the Chairman of the sub-panel reviewing the Housing Property Plan. I am loosely based in St. Brelade and I will ask the rest of my colleagues to introduce themselves.

Deputy A. Breckon:

For the benefit of the tape, Alan Breckon.

The Connétable of St. John:

For the benefit of the tape, Constable Graeme Butcher.

Deputy R.G. Le Hérissier:

Roy Le Hérissier.

The Connétable of St. Martin:

Constable Yates from St. Martin.

Deputy S. Power:

For the benefit of the tape, can I ask everyone from Housing to introduce themselves and to identify themselves?

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

Terry Le Main, Minister.

Deputy J.A. Hilton:

Jackie Hilton, Assistant Minister.

Mr. I. Gallichan:

Ian Gallichan, Chief Officer.

Mr. C. Mavity:

Carl Mavity, Director of Estate Services.

Mr. J. English:

Jason English, Management Accountant.

Ms. D. Counce:

Dominique Counce, Director of Tenant Services.

Deputy S. Power:

Can I ask those of you who are not sitting directly in front of a microphone to adjust the microphone because the administrator behind would like to make sure that she does hear everything. Because this is a formal hearing, I have to read the convening notice to States Members and non-States Members. It is important that you fully understand the conditions under which you are appearing at this hearing. The proceedings of the panel are covered by parliamentary privilege through Article 34, States of Jersey Law 2005 and the States of Jersey (Powers, Privileges and Immunities) (Scrutiny Panels, PAC and PPC) (Jersey) Regulations 2006, and witnesses are protected from being sued or prosecuted for anything said during hearings unless they say something that they know to be untrue. This protection is given to witnesses to ensure that they can speak freely and openly to the panel in giving evidence without fear of legal action, although the immunity should obviously not be abused by making unsubstantiated statements about third parties who have no right of reply. The panel would like you to bear this in mind when answering questions. The proceedings are being recorded and transcriptions will be made available to you and the department and will be available on the scrutiny website. Again, thank you all for coming. The first thing I want to do before we get into some questioning is to thank the department

for your co-operation with the Housing questionnaire. As of midday, we have had approximately 400 back.

Senator T.J. Le Main:

How many were sent out?

Deputy S. Power:

There were 4,500. We estimated that we would be doing well if we received back 10 per cent. We have already had almost 10 per cent in 48 hours.

Senator T.J. Le Main:

Great, good news.

Deputy S. Power:

Yes. So, I want it on record to thank the whole department for co-operating with this exercise. We have not had time to even barely sample some of the responses but they are interesting, encouraging and in some ways complimentary.

Senator T.J. Le Main:

We co-operate with everyone.

Deputy S. Power:

Right. I want to lead the sub-panel with the first question, which really relates to the plan and the origins of the plan. If you could give us an indication as to, if I were to ask you in percentage or proportional terms, what percentage of the plan was driven by the strategic plan, physical process or by the officers?

Senator T.J. Le Main:

It is the Minister for Housing's plan. It is not a departmental plan. I make that quite clear. The strategic plan empowered us to create more home ownership from within our stock and from then, as you know, we have previously during committee time presented Projet 211 to the Assembly, which really did not meet the needs of what we were trying to achieve so we withdrew that one. It was quite clear that during the Senatorial elections in 2005 the current Planning Minister and other people - Senator Ozouf and Senator Walker, the Chief Minister - were wanting to create more home ownership and to start off with creating home ownership among tenants that we had in our stock and particularly tenants that were high earners. That is how it really started.

The Connétable of St. Martin:

I would like to touch on your favourite subject, Minister, sheltered housing. I would like clarification, please, because I believe there is a certain element of sheltered housing - new housing - in the plan. Why should the Housing Department provide new sheltered housing and not housing trusts? That linkage I want to explore, please.

Senator T.J. Le Main:

Because the Housing Department do not want -- you see, we are not going with any more trusts at the present time because the issue is that the trusts are (a) creaming off all our high earning tenants at the present time. We have 50 per cent of our good tenants that we allocate and that the trusts, we still have to pay them. They get paid full fair rental and we are paying out subsidies. The issue is that we are far better in our own stock to create within our own stock the portfolio of lifelong homes, we are now calling it, lifetime homes, and we are far better off to create financially for the States -- much better to have the stock under our own control.

The Connétable of St. Martin:

Could you confirm that when you say subsidies you are meaning rent abatement?

Senator T.J. Le Main:

Rent abatement, rent rebate.

The Connétable of St. Martin:

Rent rebate, yes.

Deputy S. Power:

Can I just come in on a clarification there? If the parish of St. Martin or the parish of St. John or the parish of St. Brelade were interested in providing sheltered housing as part of the 55:45 split that you are proposing, and the parish of St. Martin or the parish of St. John or the parish of St. Brelade wanted to form a parish trust, would you be in opposition to that for the social rental side of it?

Senator T.J. Le Main:

If the parishes under the criteria would like to form a trust as they have done in St. Martin and what have you, then there would be subsidies paid to their clients in their trusts. But we do not want to exacerbate -- while we are looking at working with the Connétables in the provision of social rented lifelong homes or sheltered housing, we just cannot afford to go down the road of increasing the housing trust stock.

The Connétable of St. Martin:

Could I go back on that because for quite a long time now I have picked up the vibrations of disagreement between the Housing Department and the housing trusts and I do not really know the

reasons why.

Senator T.J. Le Main:

There is no disagreement.

The Connétable of St. Martin:

Well, okay, comments that have been made make me think that the situation is exactly as you have just described it.

Senator T.J. Le Main:

Well, there are always difficulties. We have to house everyone at the Housing Department and we have some pretty difficult cases. As I say, we have to house people that the trusts refuse and do not want. So we are the housing of the last resort and, of course, you must remember that some of the trusts, particularly the Homes Trust, have been going now for 10 years or 12 years and are now starting to build up considerable funds and I do not see why we should continue perhaps supporting them with letters of comfort. Now, it is not me that does the letter of comfort but it is on my recommendation, and currently to all the housing trusts I have stopped giving letters of comfort for borrowings unless it is in exceptional circumstances. So one or 2 trusts were unhappy with that but at the end of the day they are well able now with the amount of stock they have got under their belt and the time some of them have been running to be able to go out and borrow the money without having the States cover letters of comfort.

Mr. I. Gallichan:

I wonder, Chairman, if I could just make a comment about the sheltered housing issue. There was talk in the report about balancing the stock. Any property portfolio will want to have a look at what is required in the marketplace, et cetera, be it social housing or standard landlord. Now, the biggest demand for us right now is sheltered housing and for the future is sheltered housing. There is no question about that. If the department is not able to realign its stock to meet that demand then, frankly, all that it is going to have is what it has got now and it will shrink or, in some ways, just be family accommodation or very limited. Now, if we just pass that responsibility on to the trusts, that does not look like a holistic approach to the provision of homes for Jersey in which we should all be playing a part. It does leave us, really, with a shortfall where we actually need it and it is about supplying need.

Deputy S. Power:

I think the Constable's question and my question were trying to establish where you are in relation to the parish involvement in the provision of sheltered housing trusts and whether you wanted to control and administer them or whether you were flexible in terms of parish involvement. That is where I think we were there, so I think you answered it. Graeme, do you want to move on to 3 and 4?

The Connétable of St. John:

Yes, it is still on the sheltered housing side of things. Obviously, it is mentioned briefly in your plan but it is not quantified. Judging by the comments of 400 and 600 units needed, it seems to be quite a moving target at the moment to be looked at. Could you tell us how these sorts of figures are arrived at?

Senator T.J. Le Main:

Well, we have got a waiting list at the moment of about 368, I think - 368 for one bed - and many of them, a good proportion of them are elderly people. Nearly all of them are elderly people that have some medical difficulty and many of them are wanting particularly ground floor accommodation. The other issue is, of course, at the moment 16 per cent of our population - 16 per cent at this present time - are aged over 65 years. By 2030 that will have increased to 30 per cent so it is anticipated by 2030 that we will need double or treble what is the issue at the present time. One of the issues that we are finding very difficult, of course, is that we are now housing people from all over the country, country people from St. Martin, St. John - I could give you names of some round along by me at the marina coming from St. John - that we are unable to rehouse back in their parishes and we are putting them into blocks of high-rise flats, country people that we are putting them away from their own families and children. So, the issue is that it is quite clear we have got 360-some-odd currently now, and you must remember there has not been a sod of earth turned over since the Island plan for sheltered homes, since the Island plan was approved in 2002, when we thought that we would be able to persuade developers on the 2002 H2 sites to provide some sheltered housing among those sites. We have been unsuccessful. So, we now have to change tack and rezone land specifically to reduce the cost of land for sheltered housing.

Deputy S. Power:

Of the 368 that you have referred to on your list, you obviously have an age profile of those in terms of over 50, over 55, over 60, over 65 and over 70 and those with disabilities?

Senator T.J. Le Main:

Well, at the moment they are all people that really need one-bed accommodation. Now, I am not sure how many of those - perhaps Dominique might know more - but it is a good proportion of elderly people, are they not?

Ms. D. Counce:

Minister, they will all be over 50, certainly.

The Connétable of St. John:

What if the department does not obtain the 400 to 600 new units? If they were to be developed by housing trusts this would seriously affect your department's budget.

Senator T.J. Le Main:

If we do not achieve them? But we are going to achieve them, no question about it. We are going to achieve them and even if we have to realise some of our estates and stock within our existing stock to make up any shortfall then we will do so.

Deputy R.G. Le Hérissier:

I do not quite see - clearly, there must be a reason - but we do not quite see why trusts have been removed from the picture. If they are flexible providers, if they can create capital for the States or for budget, so to speak, and even granting there may have been some major mistakes in how they were initially handled and in their ability to build up big surpluses, why are you dropping them all of a sudden?

Senator T.J. Le Main:

No, we have not taken them off the list. What we have said in the plan is that any large stock transfers to the trusts have been stopped. If the trusts want to go out and purchase sheltered housing from some of these developments, we have not got a problem. What we are saying is that we were proposing in the time to transfer liberation courts and blocks of apartments and blocks of housing to the trusts. That sort of plan now is stopped. We want to keep maintaining our stock. We want to realign it. We want to sell some off and we want to try and recover over the period of 10 years the 400 as part of our portfolio. So, although we have got 4,700 units of accommodation at the moment, and we sell off another 600 because we have already got permission for 210, I think, something like that at the moment, which are slowly being sold off and we are in the middle of that now, over 10 years we will be selling 60 a year. That is all, 60 a year, but over the 10 years we have got to draw into our stock to realign our stock for our current needs and the aging population and the pressure we are getting from health and social services to keep people in their homes and what have you. We need to recover and find 400 sheltered units for our own stock. But there is nothing stopping some of the sites that are going to come on line. It may very well be, for instance, that St. John will find some land for sheltered houses or St. Martin. They may not want to run the trusts themselves. They may say to one of the trusts: "Run the trust and you will have the allocations" or something. We are not bothered about that. That is not a problem and we anticipate, hopefully, that the trusts will play a part in the provision of sheltered housing and lifetime owners over the 10-year period. They are really keen to do so.

Deputy R.G. Le Hérissier:

Just a related question; you may have partly answered this, Terry. Has the possibility of further transfer of stock - small scale as well as large scale, which you have ruled out - to trusts been explored and, if so, has there been any modelling of this?

Senator T.J. Le Main:

Well, the officers have been doing all the modelling and I cannot tell you what the modelling has been, but certainly the recommendation of the department is that we do not transfer any more stock to the housing trusts at the moment. The trusts, if they want to while they are building up considerable funds - and I know that Homes Trust, for instance, are halfway through some of their mortgages - will have funds very soon to be able to go out and realign their stock with the sheltered housing and assist us in it.

Deputy S. Power:

Okay, that is fine. This is a question relating to the comparisons between Housing Department performance and housing trust. Have you had any opportunity at all to benchmark performance vis-à-vis how the department compares to housing trusts? Because you just said there a few minutes ago that they cream off the best of your tenants.

Senator T.J. Le Main:

Well, you cannot benchmark. We are the best housing providers in Jersey, no question. We pick up everyone; we work with Health and Social Services; we work with all the aid. We are the best providers, bigger than all the trusts together. Now, I would love to be a trust. If I were a provider of social aid, of course, I would want to be the trusts: (a) I have got 50 per cent of my clients on full fair rents, they are not subsidised at all anyway. We have still got all the best clients from the Housing Department and everybody else. They pick and choose who they want and they can keep 18 and 20 per cent back of their gross rental income to maintain their properties.

Mr. I. Gallichan:

If I can just come in now, I think, in terms of benchmarking, we are certainly benchmarked against UK performance, which would be a fairer comparison because of our size, et cetera. We compare very favourably indeed. But comparing us to a trust of 700 homes when we have got 4,500 would not be a particularly useful set of criteria or comparisons.

Deputy S. Power:

I think I will accept that.

Senator T.J. Le Main:

Of course, the lady that came the other day, Sarah Webb, apparently she was very, very impressed with the quality of our stock - the 82 per cent that does meet up to standards - and she was very, very impressed and relayed to the department that we are far better with our stock than they are in the UK. So that is a good feeling.

Deputy S. Power:

I think it is fair to say that our feedback as well is that they are reasonably impressed with the standard and quality of what you have here compared to some other authorities in the UK. Constable, do you want to lead in on the next one?

The Connétable of St. Martin:

Well, this basically is probably the last question on housing trusts and it is assuming a different answer for the previous 2 or 3 questions so I do not think we are going to get much joy out of this one. Well, I will read it out. Would tenants vote for a transfer of stock?

Senator T.J. Le Main:

Sorry?

The Connétable of St. Martin:

Would your tenants vote for a transfer of stock?

Senator T.J. Le Main:

Well, I would suspect very much when they first came out, no. They were vigorously opposed when the first trust was set up and Alan will tell you that. They were opposed. Now I am not sure what the answer would be. It may be a different answer.

The Connétable of St. Martin:

Would Housing need or want to ask tenants to vote for a transfer?

Senator T.J. Le Main:

No, because we have no intention of transfer of stock.

The Connétable of St. Martin:

Exactly. I got that message in the last couple of questions. There was a question asked this morning. I will just, perhaps, chuck this in because I was not sure really about the question, which was to the Treasury, on the financial reserves of housing trusts in the future. What about uncommitted funds, and I presume this is the funds they are accumulating?

Senator T.J. Le Main:

Well, I would rather, Constable, that you kept to the property plan. This has nothing to do with the property plan at all.

The Connétable of St. Martin:

No, but it is interesting to me.

Senator T.J. Le Main:

I am sure it is and I have got my views on it.

The Connétable of St. Martin:

I may not be a true St. Martinate but I am picking up the characteristics.

Senator T.J. Le Main:

No, no. I could have very well answered that but if we are going to start diversifying away from the property plan then I think we are going to be here all day.

Deputy A. Breckon:

You have mentioned a couple of times there, Terry, about the possibility of changing the nature of your stock to cater for people with special needs, be it mobility or whatever, sheltered housing type of thing. That raises a question then about the indications about the economic growth, and the Island's population may increase over the coming years. So if you do that now, what happens if the existing trends in migration and demographics are not quite as you predicted and stock is sold or transformed? What happens then?

Senator T.J. Le Main:

Nothing happens now. This is a 10-year plan and we have got a 10-year plan which we are going to start working on on the basis that we do know there is a seriously aging population. We have got all the information on all the other issues and all the surveys that have been done. This is so flexible, this plan, the way we have got it that over 10 or 12 years we can change to meet another direction. So there is no question, it is flexible to the point that if we are seeing that we need, let us say, family homes, for instance -- and some of these H3 and H4 sites and up, as you know, have got a very, very good working relationship with the Planning Minister and the Assistant Minister and my Assistant Minister and we meet on a very regular basis. If a change is in any direction we can redress it by pulling stuff and adding to sites that are going to be rezoned in the next 10 years. So all the sites now are not solely social rented 3-bed family homes because that is not what we need at the moment and it is not first time buyers. It could be shared equity; it could be sheltered; it could be anything that is going to meet the requirement. So I am confident, my officers are confident and the Planning Minister is confident that we can meet the needs over the next 10-year period.

Deputy A. Breckon:

Does that include a factor of population growth, people coming in?

Senator T.J. Le Main:

Yes.

Deputy A. Breckon:

It does? So you are confident then that the private sector and what we might do will ...?

Senator T.J. Le Main:

Well, then, the population growth as far as we are concerned is those that we have got to house. I cannot stray too far out of this plan. When we have reduced the 13 years to 12 years I have to take into consideration the impact it is going to have on our housing stock, on rent rebates currently at the moment and all that. So I have to take that into consideration but it is a wider picture that you are mentioning about population growth. But certainly I will sit with Senator Ozouf and Deputy Gorst on the MAG Committee (Migration Advisory Group) and we take all that into consideration when we are dealing with the Regulation of Undertakings and all that. I am convinced, and I am being very, very tough at the moment, I can tell you, on all that sort of thing, very, very tough.

Deputy A. Breckon:

The question really was that if you sell the stock then if you have to create more --

Senator T.J. Le Main:

If we sell the stock -- do not forget those are the people that are living, existing and will not be out. They will still have to be housed if they do not buy, so what we do if we sell them the homes, if we need something I can guarantee you that I can go to the Planning Minister and say to the Planning Minister: "Look, we need 50 more certain type of homes" and over the 10 year on rezoned land and land identified we will produce that.

Deputy J.A. Hilton:

I think it is also worth pointing out it is a 10-year plan and we are talking about selling approximately 600 homes and that is going to be over 10 years. So it is not a question of us going out in year one and selling 600 homes. I think flexibility is the key word with regard to this plan.

Deputy A. Breckon:

But if we are looking at employment growth of 500 a year, then 5,000 people will be coming in that time. That is the other side of that.

Deputy J.A. Hilton:

But I think also the trusts were set up so that in the future when they accrued funds that they would, if they were not spending it on maintenance and it did not come back to the centre, the whole point of trusts being set up would be that they would go out and create new housing. So, one would expect them

to pick up some of the needs there.

Senator T.J. Le Main:

The other thing I have to say is that I keep repeating this. We have got 52 other Members in the House apart from me and I would rather hope that I can work with the Constables and every other Member to make sure that the policies that I apply are policies that are good for the Island and are conducive and agreed by all Members. I am always, always willing to listen and respond to Members either to come and see me, come and have a cup of tea or do something. I cannot do it on my own and we cannot do it on our own and if there are any issues that worry any Members or, indeed, I see Roy nodding there, but Roy knows that every time he responds to me I come back to him and I come back to anyone. That is the only way that one is going to achieve these policies.

Deputy S. Power:

Can I come in briefly on this? A view has been expressed to the sub-panel that it has taken an enormous amount of time and energy and sheer frustration for the Housing Department over a period of 30, 35 years to assemble the portfolio of property you have right now. The view that was expressed was that it would be very, very difficult in the future to replace that property if you start to sell it off now because of the mood of the House, the mood of the Assembly.

Senator T.J. Le Main:

Well, it would not. That is not right. The property we have accumulated --

Deputy S. Power:

I said a view has been expressed.

Senator T.J. Le Main:

The properties we have accumulated over the years, some of them were just put on to us by States departments. I think we had a lot of property put over to us like the St. Catherine's Estate and all that.

Deputy S. Power:

Appendix C.

Senator T.J. Le Main:

And around Bellozanne land they were buying properties and, you know, very useful. But we have to realign our stock to what we need now and over the years properties that we have bought in the past would never meet today's standards or be ideal for social housing today. We have got properties, I mean millions of pounds' worth of properties, that, quite honestly, you would not even think about buying today for social housing.

Deputy S. Power:

We will get on to that.

Deputy R.G. Le Hérissier:

I wonder, building on Alan's question, Terry, on the best evidence available - and we all know it can be very unpredictable - where is your estimation of how much extra social housing you will need, if any aside of the sheltered housing, in the next 10 years?

Senator T.J. Le Main:

Well, the Housing Department, if it could realign its stock as we are trying to do through the property plan over a 10 or 12-year period, if we can achieve our aims of our sales and our buying, we believe that in 10 years' time any further provision of social housing is either done through the parishes, who may want to increase their sheltered, or the trusts. The trusts will have accumulated by then, hopefully, considerable funds so that if there is a need, with that money they can go out and buy extra stock. That was the idea originally, to come back to what Silva was talking about before. What happened years ago when the trusts were first set up, we were told - and quite logically - that the trusts come along, they supply the homes and over a period of years, 25-30 years, once all their borrowings are paid off then they have got their rental income to be able to go out and continue and then the States would then take a step backwards. By that time we will have realigned our stock. As I say, we are the housing of last resort with many, many difficult individuals to house. We want to realign our stock to meet the general needs of the type of client we have to house and deal with.

Deputy R.G. Le Hérissier:

So your answer is zero per cent essentially because the trusts will take the strain?

Senator T.J. Le Main:

Yes, that is. It does make common sense. You have got the Jersey Homes Trust with 700 or 800 units at the moment. Well, they are halfway through paying some of their mortgages now. They are going to have millions in years to come when they have paid all that off, which has to be redirected either back to the States or back into social housing.

Deputy R.G. Le Hérissier:

If you did not need to quickly fix your maintenance problem, Terry, would you have embarked on this plan?

Senator T.J. Le Main:

Oh, yes. We had to. There was no question; we could not carry on as we were. We have got properties

there. We have got properties that, quite honestly, are costing us fortunes to maintain and everything. We had to realign. It was coming to a point that we have been looking at the rent rebate scheme for a number of years and we have been promised -- low income, low income. It was all running out of hand, quite honestly. The cost of private rent rebate, our stock was -- we are housing too much. We are housing too many people that could well afford. In 1999 when I first became President of the Housing, the *Evening Post* of November, December, there were 2 small adverts for rental, 2 houses and 2 flats. There was nothing. It was just horrendous. But now there is plenty of stock, there is stock in the market, there are pages in the *Evening Post*. I used to see Alan week in and week out. He was in with people queuing up for grants and hardships. That has all gone now.

Deputy S. Power:

Roy, do you want to lead on the next one?

Deputy R.G. Le Hérisier:

Yes, Terry, moving to a new topic, can you inform us of any work you have done towards establishing the legal framework of the proposed share equity model?

Senator T.J. Le Main:

Well, we have got a framework. It does not need a legal framework because, quite honestly, what we are doing is we are selling the whole property to our clients on the basis that when they -- at the first time buyer prices. So we sell the house, have it valued and if, say, the going rate at the moment is about 286,000, so we sell the whole property to the client and he then when he sells it off has to repay us back. At the time it is sold off, the place is revalued and he will have to pay us back 25 per cent. So there is no legal framework required in what we are achieving.

Deputy R.G. Le Hérisier:

So, in order for the States to get its --

Senator T.J. Le Main:

No, we sell the whole property and we do not retain an equity. We sell them the whole property and in the contract they have to pay us back the 25 per cent when they sell the property at the market value at the time of being sold.

Mr. I. Gallichan:

It is based on the Le Squez-Le Marais system we already were using.

Deputy R.G. Le Hérisier:

That is legally watertight, is it, Ian?

Mr. I. Gallichan:

Well, we are adding to it in terms of when the States would receive money back in the future, if any, et cetera, and charges. The original sales at Le Squez did not have a second charge on the property. We will.

Deputy A. Breckon:

Now you have just mentioned this again, can I ask what the take up was: if you had to advertise the scheme or you were oversubscribed or where were you with selling the scheme?

Senator T.J. Le Main:

We are oversubscribed.

Deputy A. Breckon:

You are oversubscribed, so you have got a waiting list?

Senator T.J. Le Main:

We have got 211 on the waiting list now.

Deputy A. Breckon:

Those are people that you know are financially sound and can afford to do it?

Senator T.J. Le Main:

We do not know that. No, no, I will tell you why we do not know. That is not our role. They go out to the private lenders for the mortgages and those that we know of - certainly all those that I know of - have already been and then they come along. They have been given guidelines on what the prices are. They have been out to see what they can borrow, but we are not the lenders so that is for them. But they have come to us saying that under the current prices we are asking for these properties they can afford to buy.

Deputy S. Power:

Can I just ask another question? You said a figure of 286,000 for 100 per cent. That is the 100 per cent value?

Senator T.J. Le Main:

Yes.

Deputy S. Power:

So they are borrowing 75 per cent of that?

Senator T.J. Le Main:

Yes.

Deputy S. Power:

So they are borrowing a figure in the ratio of 240,000 or whatever it comes out?

Mr. I. Gallichan:

215.

Deputy S. Power:

215,000?

Senator T.J. Le Main:

Yes.

Deputy S. Power:

Right. Your maths is better than mine.

Mr. I. Gallichan:

No, I have done it on a bit of paper already.

Deputy S. Power:

All right. So they would be borrowing in the region of 215,000. So if they hold the house for 10 years, say, and they sell the house then for 600,000?

Senator T.J. Le Main:

We get the 25 per cent of the --

Deputy S. Power:

You will get back -- of the value cost so you have no indexation at all on this?

Mr. I. Gallichan:

Yes, 25 per cent of the 600,000.

Deputy S. Power:

Of the revalued house?

Mr. I. Gallichan:

Yes.

Deputy S. Power:

I just wanted to clarify that. I thought you said the original cost. Okay, that is fine.

The Connétable of St. John:

Have you had any assurances from lenders at all that they will support this scheme?

Senator T.J. Le Main:

Everyone is all willing. We are selling now on that scheme.

The Connétable of St. John:

Have you approached many lenders or had any feedback from them?

Senator T.J. Le Main:

We do not have to. The lenders have been coming to us. We do not have to approach them. Royal Bank of Scotland come to us. We have had 2 lenders that would buy every house we have got that we are going to sell so they can sell them on to the tenants at the same sort of commissions. They would pay us up front because they want to get in the act of lending money.

Deputy J.A. Hilton:

The lenders have been very flexible.

The Connétable of St. John:

Why do you not do that?

Deputy J.A. Hilton:

The 19 homes we have sold this last year, they were a great variety of ages of those people who purchased and so the lenders have been very flexible over the length of time of the loan and everything else, and we certainly have had a couple down there in their early 50s who had bought. So, there is a real -- people like that want to buy. They want this opportunity and even -- and I spoke to this couple and they quite accepted the fact that they were getting on but it was their one and only opportunity and they were prepared to really put everything into it to achieve their own home.

Senator T.J. Le Main:

You want to see what a difference. You see people, give them an opportunity to buy a home when they

had no hope before. It is absolutely magnificent and the people -- where I live, I am living right in the middle of it, as you know, and the people coming up through there now it is unbelievable that are now home owners, and how happy they are, every day one or 2 commenting how happy they are. Never thought they would have the opportunity and they were going to be in States housing all their lives. Oh, it is wonderful, it really is.

The Connétable of St. Martin:

Can I go to the next question?

Deputy S. Power:

Yes. I think we might have covered some of it.

The Connétable of St. Martin:

Yes, probably. When things go pear shaped as they probably --

Senator T.J. Le Main:

Sorry?

The Connétable of St. Martin:

If things go pear shaped, which they do not often go pear shaped in house repossessions, but if a purchaser was overstretched and it got to the stage where it would have to be repossessed, what sort of ...?

Senator T.J. Le Main:

I would suspect that we would have queues of people waiting for those properties.

The Connétable of St. Martin:

No, I am talking about what -- the States would have the second charge on the property, would they? They would come in after the banks?

Senator T.J. Le Main:

Oh, yes.

The Connétable of St. Martin:

The banks would get their money back and on the off chance that the actual --

Senator T.J. Le Main:

Let me say to you that over the years we have had States loans we have had very, very few

repossessions, very, very few. The States have never lost any money on the property transaction on a first time buyer home, never. They have never lost any money on the first time buyer home.

The Connétable of St. Martin:

One dreads to think but property prices are going up and up and up and up at the moment. Is there any guarantee they are going to stay going up and, if they happen to have a drastic downturn and the repossessions occur, where would we stand then?

Senator T.J. Le Main:

Oh, if I had to listen to you I would be depressed. **[Laughter]** I would be so depressed. I do not work on that attitude. I work on the majority.

The Connétable of St. Martin:

Somebody has to ask the question.

Senator T.J. Le Main:

Our work was good for the majority of the people of this Island and our policy to create home ownership is good. You could say the same about the farmers, all the money they have lost in agricultural loans and all those sort of issues that have been lost. I do not believe that we are going to lose any money on this and I want to be positive.

Deputy R.G. Le Hérissier:

Just to be, though, on the safe side, Terry, while we admire your optimism, could I ask, to build up on the Constable's point, what is the doomsday scenario if somebody does get into a difficult financial situation?

Senator T.J. Le Main:

The bank would sell it.

Deputy R.G. Le Hérissier:

The bank will sell it?

Senator T.J. Le Main:

The bank would sell it and would have to pay us back our 25 per cent.

Deputy J.A. Hilton:

It is very hard to perceive the situation in a rising market whereby somebody is maybe borrowing £200,000, a house is worth £280,000 or whatever, and for the public to lose out on that. I just cannot

see that happening.

Senator T.J. Le Main:

Well, the public cannot lose out because --

Deputy J.A. Hilton:

No, I --

Deputy R.G. Le Hérissier:

But with your premise of the rising market, as Silva said, I mean, heaven forbid it should ever happen --

Deputy J.A. Hilton:

Even if the market remains static the public are not going to lose out. It is just not foreseeable, in my mind. I just cannot see Jersey going -- I am sorry, I just cannot see that happening.

Mr. I. Gallichan:

Even if we had a scenario where --

Deputy R.G. Le Hérissier:

If all the banks left the Island it would not matter anyway, would it?

Deputy J.A. Hilton:

No.

Mr. I. Gallichan:

There would be a lot of cheap property to purchase; we could go in there and buy our houses back for less than we sold them.

Senator T.J. Le Main:

We cannot lose on this because the bank has to pay us back first before they can sell the property.

Deputy S. Power:

I think one of the niggling doubts we had - not being negative - but that if interest rates keep going up in the next 12 months to 36 months it may affect people in the fourth quartile, which is people who are earning £40,000-plus. It may affect their ability to repay if they are up around £215,000-£220,000.

Senator T.J. Le Main:

Well, we were paying 17 per cent years ago to buy properties.

Deputy S. Power:

Yes, I know that, but those --

Mr. I. Gallichan:

The fixed rate in the system and the length of time you can now fix your mortgage - for 25 years even now - I imagine certainly we would encourage prospective purchasers to fix to guarantee their future well-being, financial well-being.

Deputy S. Power:

Okay, we have done enough on that. I am going to skip the next question because it was a question on financial appraisal of tenants, but you are not really involved, you are saying now, and you are passing that on. So I will ask Alan to --

Senator T.J. Le Main:

I want you to stick with the property plan, yes.

Deputy S. Power:

Yes. So I would ask Alan to move on to whatever you want to ask on the next one, Alan.

Mr. I. Gallichan:

Can I just say on that that of course at the moment 27 per cent of our tenants are on full rent and rising, and their incomes have gone up by over 10 per cent - those who are claiming abatement - in the last 2 years. So it is not quite correct to say we have not done a financial appraisal. I think this is one of the reasons we are saying that there are a group of our tenants who are in a position to purchase homes.

Deputy S. Power:

You are taking it as an indication of the fact that they pay the full rent that they are in a position to?

Mr. I. Gallichan:

It gives us a very strong indication as to what their incomes are. But also the trust tenants, many of whom are former States tenants, there are 50 per cent who are paying full rent who would be entitled to this programme.

Deputy S. Power:

So half of the trust tenants and a quarter of your tenants are paying full rent?

Mr. I. Gallichan:

Yes.

Senator T.J. Le Main:

And interestingly that some of the properties we have sold down Le Squez have been bought by people that were on abatement.

Deputy R.G. Le Hérissier:

Yes, we heard that.

Senator T.J. Le Main:

So that is an interesting scenario. They were claiming abatement in social housing, yet they have been able to afford to go out and borrow money to buy a property, so they are probably working more now than they were before.

The Connétable of St. Martin:

They are working harder, yes, that is right.

Senator T.J. Le Main:

Yes, that is right. But what a wonderful incentive for people to go out --

The Connétable of St. Martin:

I can see a knighthood coming up for you, Terry, changing the social structure of Jersey.

Senator T.J. Le Main:

Deputy Pitman(?) has nominated me for one. **[Laughter]**

Deputy S. Power:

Can I get back to the property planning? It might also suggest that the abatement process -- if somebody had moved from rent abatement to buying at Le Squez it might also suggest that the abatement process was not quite working right.

Deputy J.A. Hilton:

Right.

Senator T.J. Le Main:

Well, we are well aware of that. It has been going on for a number of years but we have been told we are to wait and wait and wait until the low income scheme was in. Of course we have our social housing plan which will deal with all that, which we are starting very soon, which is a separate property plan. So

all of those issues have to be looked at; the rents and the fair rents and whether we continue to pay rents, whether we continue having fair rents 20 per cent below market price. That all has to be dealt with. It has been a huge worry for a number of years.

Deputy S. Power:

I think it would also be fair to say or fair to deduce that if 50 per cent of the housing trust tenants are paying full rent - which is, say, 500 tenants - and a quarter of yours are paying full rent - which is about 1,000 - there are probably 2,000 out there that some of them certainly need not necessarily be in a housing trust or States rental.

Deputy J.A. Hilton:

Exactly.

Senator T.J. Le Main:

We know that. That is our argument.

Mr. I. Gallichan:

That is our argument as to why we should --

Deputy J.A. Hilton:

Why are we housing these people.

Deputy S. Power:

So that is part of the profile?

Mr. I. Gallichan:

Yes.

Deputy S. Power:

Okay. Alan, did you want to follow on?

Deputy A. Breckon:

Turning to the rent abatement and rent rebate scheme, as we all know, it has escalated onwards and upwards over the years --

Senator T.J. Le Main:

Has that got to do with our property plan?

Deputy A. Breckon:

It does indeed.

Senator T.J. Le Main:

Does it? Okay.

Deputy A. Breckon:

It is to do with the finances. It is in there, I think. I can give you some figures if you want. I can go back 20 years if you want and give you that. The fact is it has to do with the property plan, because it means if you are paying money out in rent rebates and abatements you cannot afford to refurbish the property, and the money for refurbishment has gone into subsidies, in effect. I will give you an example of that. The maintenance budget in 1992 was more than it was in 2005. I will produce figures to substantiate all this; we are working on this at the moment. The question is then, if that was known, why has nobody done anything about it before?

Senator T.J. Le Main:

It is going to be taken -- all the subsidies are now going to be taken over by Social Security, so you need to talk to Social Security on that.

Deputy A. Breckon:

So there will be a transfer of funds?

Senator T.J. Le Main:

It is taken completely out of our hands from now on.

Deputy A. Breckon:

Yes, but you will not get the money back from Social Security and rent. It will be a transfer exercise and it will not mean Housing get any more to refurbish properties.

Senator T.J. Le Main:

No. Well, at the moment we made some huge savings -- the department have been very, very good and made some considerable savings in the last couple of years. The issue is that we propose to pass over, hopefully -- it is a bit of a -- should I be saying this or not?

Mr. I. Gallichan:

Well, there is always discussions about how much of the budget is passed over.

Senator T.J. Le Main:

We do not believe that -- I mean, this is me at the moment and I do not want to say that it is a department thing. Currently £22.7 million is going into abatements and subsidies, in general subsidy. Now, if we are going to have -- the low income scheme are going to start paying everyone on a 5-year residence - a 5-year residence, which is worrying me, a rental component in that thing - why should we be making savings from our own clients and passing it all over to Social Security so they can pay people who have only arrived on the Island for 60 months? So there are lot of discussions to take place with the what-you-call-it. The Council of Ministers know my views on that; that I believe that what we should be doing is passing over to Social Security the amount of rent abatement and subsidy and rebate, as we currently do. In the future any savings we make we should maintain for our maintenance. That is my view. But it has to go in -- and there is a lot of discussion so there is nothing finalised. I am just giving you my point of view.

Deputy A. Breckon:

See, because what it is, you say where does it link to the property plan. Well, it is linked in a few ways, because the sale of property is using the capital to fund revenue, which in general terms is against the principles of the States.

Senator T.J. Le Main:

No, it is not all that, Alan. It is also about purchasing 400 units and realigning everything. That is what it is. Do not forget, we got -- if you take places like --

Deputy A. Breckon:

Is that in the property plan?

Senator T.J. Le Main:

What?

Deputy A. Breckon:

The purchasing of --

Senator T.J. Le Main:

Well, it is in the property plan. It is in the property plan. It does not say 400 but what it said was --

Deputy J.A. Hilton:

Plan of the creation of additional sheltered housing.

Senator T.J. Le Main:

Yes, that is right.

Deputy A. Breckon:

To do what, sorry?

Senator T.J. Le Main:

Read it out, please.

Deputy J.A. Hilton:

It says: "To agree that the Housing Department should plan for the creation of additional sheltered housing."

Deputy A. Breckon:

Yes.

Senator T.J. Le Main:

Well, we cannot -- we are not going to get caught out like Ségolène Royal and say we are only going to care. We have got a moving target over a period of years, and to go on out and say: "Well, look, we are going to put 400 or 200 or 300." I mean, do not forget about 3 years ago, 2 years ago, I was shouting that we needed 250 units for sheltered housing. That is how the target has moved. In fact, our demand for sheltered housing or long-life -- what do we call the new name now? **[Laughter]** I mean, our demand at the moment in the last 2 weeks has gone up by 28; another 28 have gone on the list.

Deputy A. Breckon:

I just want to come back to that, Terry, because again we have been doing some research and, for example, it says going back a few years it was agreed that the transfer of funds would be made from the Housing Committee's capital allocation on an annual basis and would be transferred to revenue to cover interest subsidy payments. There are figures there which are quite alarming. That has built up --

Senator T.J. Le Main:

Yes, well, anyway that is in the past, Alan. That is in the past.

Deputy A. Breckon:

The other thing, this is where the maintenance money has gone. If you look at the Housing development fund, £10 million was allocated in 2001, another £10 million in 2002, another £10 million in 2003.

Senator T.J. Le Main:

Yes, I know what you are saying.

Deputy A. Breckon:

That is why we have a housing property plan, because the maintenance money went there. Would you like to comment on that?

Senator T.J. Le Main:

Well, of course in an ideal world. I mean, when we started in -- when did the rent rebate start? 1992, I think.

Deputy A. Breckon:

1989.

Senator T.J. Le Main:

Right. £1 million at that time. That is what it was. Up to nearly £9 million now. And the States decided, in their wisdom, it should come out of States rental, out of our own clients. We certainly let our clients down, our clients. We have let the places go and deteriorate; 18 per cent of our stock has deteriorated to such a point that -- we have been trying for years to get some money and the States, because of their policies, precluded us from doing that. Any normal landlord would do like the trusts do; they keep their rents, they keep 20 per cent back for maintenance, and then the rental income would perhaps go back to central or whatever it is.

Deputy J.A. Hilton:

It is a fact that the Housing Department has suffered from the policies decided by the States past. This document is our way of progressing in the future. It is the future that we are concerned with, not what has happened in the past. We are all aware that mistakes have been made in the past and decisions have been made that were, quite frankly ... well, had not been properly thought through and have grown like topsy since.

Deputy R.G. Le Hérissier:

It has to be said, though, there were sacrifices made in fundamental spending which aggravated an already dire situation.

Senator T.J. Le Main:

Yes, yes, yes. We had to -- I mean, we were trying --

Deputy R.G. Le Hérissier:

And you did give up parts of your budget.

Deputy A. Breckon:

Can I say, some of us said that at the time and nobody believed us.

Senator T.J. Le Main:

Well, we had to try and play the corporate game because we were in real difficulty about 3 years ago, and the promise was made that the moment we were coming into ministerial government that real funds would be found. Now, we have that now and we have a real good basis now to move forward.

Deputy S. Power:

Can I just say, I think that where we are with this is that we do acknowledge that times have had to change.

Senator T.J. Le Main:

I have had some sleepless nights, I can tell you.

Deputy S. Power:

Both in regard to that level of funding and also with regard to, say, the provision of real housing and housing trust; that whole area has now been reviewed.

Senator T.J. Le Main:

Yes.

Deputy S. Power:

Roy, you want to come in here?

Deputy R.G. Le Hérissier:

We talk continually, Terry, about rent rebates, which is okay, but of course there is that other elephant in the room called rent abatement. Now, we understand - and perhaps you could clarify this - that in future you will actually get a cheque for the equivalent of rent rebate you offer from Social Security. Is that understanding correct?

Senator T.J. Le Main:

I think that is right, yes.

Deputy R.G. Le Hérissier:

Rather than it being just a paper --

Mr. I. Gallichan:

Well, the Income Support Law enables Social Security to retain, from income support payments,

sufficient money to cover people's rents. We certainly will not be getting a cheque for the whole lot, but where we indicate that in discussions with our tenants that this should happen, then, yes, we will be receiving a sum of money to cover the rental payments, for the very good reason that a number of people would struggle enormously with receiving the entire income support payment and then pay their rent. It will be much easier for the rent to be taken out at source. The Department has to protect its income position, and also our arrears position. We are working very closely with Social Security and that will be not be an issue for them.

Deputy R.G. Le Hérissier:

Sorry, just to clarify further, Ian, because we always thought essentially this was a massive hidden subsidy you used to give tenants simply because you used to rate them as being able to only pay a certain percentage of the rent. Now you will get that full fare rent, as you term it, via various means, but you will get it in hard cash?

Mr. I. Gallichan:

Yes. We might be talking about cottage industry here, because effectively the money is given to us, but a sum of money would be adjusted from our cash limit in order to pay the former subsidies bill. So if we pay £23.4 million, £23.4 million will be adjusted on our cash limit. I hope that makes --

Deputy R.G. Le Hérissier:

Well, it does not in the sense that -- sorry, just quickly now. As you are saying, as your highly esteemed Minister said, that a house rental will only -- you can only get 40 per cent of its rental value from a tenant because of a means test assessment; surely that must inhibit your ability to run proper maintenance?

Mr. I. Gallichan:

Well, if we had the entire income from our stock we would have £32 million and we would be in the same position as the housing trusts. But, you know, you do what you can with what you have, where you are. That is what we do. Now, the subsidies bill is £23.4 million. That has come down. But if we do not pass that sum of money to Social Security, where is it coming from? That is a fact. That is where we are. We have to deal with reality, and this housing team has had to come up with a solution based on that. It is very, very difficult; you are quite right.

Deputy S. Power:

If I may quote another comment that was said, that not only are you a housing landlord but you are also a benevolent agency. Can I move on to Graeme?

Connétable G.F. Butcher:

Have you had any discussions with Treasury with regard to doing what a normal landlord would do: borrow money against the collateral of your housing stock to fund some of what you are looking to do?

Senator T.J. Le Main:

The officers have had many meetings, we have had several meetings with -- well, plenty of meetings with Treasury officers. Not a great amount of meetings with the Minister on that because we virtually agreed that the plan was a good way forward. We have not had too many meetings because it was endorsed by the Treasury Minister on the recommendation of his officers, and the only way that -- he found that this was the best scheme of anything that had been proposed. There had been various other ideas about borrowing, about raising bonds and all that, but at the end of the day we cannot pay the money back. You have to pay interest and you have to pay it back, and if we cannot pay it back there is no point in borrowing it. This way saves us borrowing, we do not have to have the worry about paying it back, we can make some money, we get to buy some sheltered homes, and we could end up with quite a lot of money over a period of time to hand back to the Treasury Minister.

Deputy S. Power:

Can I ask a question related to that? As you reduce the amount of your housing stock, as you become smaller as a landlord, as a provider of social rented housing will you come under pressure from Treasury to reduce your management costs, your salaries and your --

Senator T.J. Le Main:

No.

Deputy S. Power:

Your operating budget, I think, is £3.18 --

Senator T.J. Le Main:

We are down to 32 or 33 members of staff, from 70-something, and they are working. Some of them are coming in on Saturdays, working in the evenings. I could call this man at 6.45 a.m. or 7.00 a.m. and he is in the office. That is how all the staff are working at the moment. You cannot -- **[Laughter]**

Deputy S. Power:

Hang on a second, can we just --

Deputy J.A. Hilton:

We are replacing the homes.

Mr. I. Gallichan:

The plan caters for a reduction in 3 staff. We say in the report there will be a reduction of 3 staff as a result of the loss of staff. But I think the important point to make is the 80/20 rule: 80 per cent of our time is spent on 20 per cent of our tenants, and the 20 per cent of our stock that we are going to sell will not be bought by the 20 per cent that we spend 80 per cent of the time on. Sorry if I sound like Donald Rumsfeld but that is a fact. So, you know, in terms of where the work is we will retain these people, but we will reduce the staff by 3. As Senator Le Main said, compared to Housing Association's Councils in the UK, our staff numbers are very low.

Deputy S. Power:

The reason I ask the question is we look at your operating costs - and I did look at them; I think there are figures in there, your own costs of running the department plus the other costs which are associated with property - as the property portfolio shrinks I just ask the question, will you come under pressure from Treasury to cut your budgets?

Senator T.J. Le Main:

No, we cannot. As Ian says, the staff are geared -- they are like social workers. I am not joking; they are really like social workers. We have now our staff -- we realigned our staff to look after a specific amount of tenants and, as Ian says, it is the most difficult ones that have taken up all our time.

Deputy S. Power:

Roy, do you want to lead on the next one?

Deputy R.G. Le Hérisier:

Yes. Can the Minister tell us about the current overall asset value of the department stock, and give us an indication of your broad asset management strategy, Terry? Maybe we can bring Carl in at this point.

Senator T.J. Le Main:

About 3 years ago they estimated that social first-time housing -- social housing price of -- the value of our stock around £700 million. That is social housing cost, not ordinary A-H.

Deputy J.A. Hilton:

Social rented.

Senator T.J. Le Main:

Social rented. So I presume if it was A-H you would double that property, but that was the current value. Now, the second part of the question, I ought to ask Ian to answer that.

Mr. I. Gallichan:

Just on that, Drivers Jonas will be -- in order for the States to become GAAP (Generally Accepted Accounting Principals) compliant we also have to carry out another valuation of the stock, and that will be undertaken by Drivers Jonas later this year. That is a different valuation to the valuation of the homes that we are proposing to sell, which will be on a first-time buyer valuation. Now, Housing does have an asset management policy, a formal policy, and I will ask Carl Mavity if he could just briefly outline it. It is quite a long document, so I do not want to --

Deputy R.G. Le Hérisier:

We do not need the minutiae.

Mr. C. Mavity:

I can probably talk for more time than we have available about the various ins and outs of asset management. Our stock are our primary asset, and also it is our income, so it is tremendously important for us. Essentially, that involves the way that we maintain those homes and the long-term refurbishment and long-term maintenance and protection of those assets. Essentially, we do that in a number of ways. We have, of course, our day-to-day repairs service, which provides that very frontline service to tenants in existing homes, making sure those homes continue to offer reasonable accommodation for them. We spend a very small amount of money per year in that area, simply living within our means. We try and focus as much of our available revenue as we possibly can on what we refer to as planned maintenance, which hopefully is, as the term suggests, stuff that is predictable, stuff that we try and plan in advance. By doing that we can generate value for money because of bigger contracts, economies of scale kick in; we standardise our materials, we have a small group of contractors with long-term contracts, focusing on customer service and value for money. The last couple of years, or the last 4 years we have worked particularly hard at developing fixed price repair rates and schedules in order to take out of the maintenance cycle the unknown quantity sometimes of paying people for labour and materials. What we think that presses the contractors into being, is that much more efficient, because the risk and the time is theirs because they are only getting a fixed price for a particular piece of work. We are doing more work on that and that is an evolving process, the first department on the Island to do that, and we are achieving about a 70 per cent hit rate at the moment on those repairs.

Deputy S. Power:

When was the last time the Housing Department had, say, a fellow of the Institute of Chartered Surveyors in to look at the whole thing and revalue stock; a stock evaluation report?

Mr. I. Gallichan:

About 3 years ago.

Deputy A. Breckon:

Can I just ask on planned maintenance, obviously because we are where we are, as they say, that has obviously fallen years behind because of lack of funding?

Mr. C. Mavity:

Yes, well, the fact that 18 per cent of the homes are not meeting the Decent Homes Standard, which is a fairly basic standard set by the UK Government ... We are a long way behind where we want to be and it is going to take some years to catch that up.

Deputy A. Breckon:

That would be on glazing and heating and bathrooms and kitchens?

Mr. C. Mavity:

Yes. We have the essential elements of making a building wind and water tight, the level of insulation, the glazing, its heating system, some of the very fundamental things, an adequate bathroom, an adequate kitchen. It is a fairly basic standard.

Deputy A. Breckon:

Where would you say the stoppage was in years; 2 years, 3 years, 4 years?

Mr. C. Mavity:

No, it is more than that. In some of the buildings we have heating systems which we are, I am being honest, keeping alive on a wing and a prayer. It is hard work.

Deputy A. Breckon:

Which becomes costly to maintain.

Mr. C. Mavity:

It costs you more money to maintain because you cannot -- you are managing things as they fail, sometimes, rather than being able to say: "That is likely to come into a failure window next year, therefore the most cost-effective time for me to replace it is this year."

Mr. I. Gallichan:

It will take us 10 years to get that Decent Home Standard, and it will take every month of that.

Deputy S. Power:

You have obviously had to discount your rents because of the condition of some of your properties. As you progress through your property plan, if and when it starts --

Senator T.J. Le Main:

We will raise the rents.

Deputy S. Power:

You will raise the rents?

Senator T.J. Le Main:

Because that has been policy for years.

Deputy S. Power:

Right, that is your policy for years. So that will obviously be a performance indicator then with Treasury? As your rents recover, as your rents come back up you will be under analysis? You will be under watch from Treasury as to the return on your -- the reason we asked the question about your stock valuation is that obviously you are going to have to perform better than you are now.

Mr. I. Gallichan:

Yes, and as we improve the stock, so its value improves and so the rental return improves. But Housing has been spending quite a bit of time on looking at a banding structure, because at the moment we have far too many rents and too many properties. We are looking at a banding structure that would be A, B, C, D - with D being obviously the property that is need of refurbishment - and their rents would reflect their condition. Of course our aim is for all property to be in hopefully the A/B category, which would increase the -- so certainly that would be a performance indicator, yes. There would be many.

Deputy S. Power:

I think it is an important one. Silva, did you want to come in here?

The Connétable of St. Martin:

Yes. Would the Minister agree that means testing and/or a more robust rent structure could have, to some extent, alleviated the problems the department is now facing?

Deputy S. Power:

If your rents were higher.

Mr. I. Gallichan:

Well, you have to ask yourself, when the rents are higher the subsidy bill goes up. That is a fact and that is the system.

Senator T.J. Le Main:

Yes, yes, we know that.

Mr. I. Gallichan:

We have to be realistic. The whole fair rent structure, as I say and as has been mentioned by the Minister, is going to be looked at under the Review of Social Housing. With the advent of income support it has probably reached its sell-by date. It covers a myriad of things; the debt redemption models, et cetera. It is 10 per cent behind or it is 20 per cent behind. What is it? Is it the market rent, is it a social housing rent, or is it just something in the middle? So, yes, you could say that. But I think Housing has also had to struggle with the fact that as you put the rent up the subsidies bill also increases.

The Connétable of St. Martin:

Thank you.

Connétable G.F. Butcher:

Just a quick one on that one, at the moment you have quite a percentage - I think 27 per cent you said - that do not fill in abatement forms so you do not know what they are earning. How is this going to be addressed when it moves over to Social Security, because you could very well be housing people that you do not need to have in social housing?

Senator T.J. Le Main:

They would still have to fill in an application form.

Connétable G.F. Butcher:

Yes, but will they be filling in one at Housing as to what their income is?

Senator T.J. Le Main:

No, no, the ones that do not fill in an abatement form are those that have come over the limit over a period of time, so anyone that comes in for social housing will have to have a means test and --

Connétable G.F. Butcher:

So all applicants for social housing --

Senator T.J. Le Main:

All applicants will have to do the same income test now and that they meet the criteria for social housing. What has happened, the 27 per cent over a period of years have either inherited money or they have huge incomes and, you know, inherited properties which they do not tell us about, or ...

Connétable G.F. Butcher:

But will this be an ongoing thing after they become tenants of yours? Will it be an annual thing that they will have to let you know what they are earning?

Senator T.J. Le Main:

The new tenancy agreement -- we said we would try a new tenancy agreement --

Connétable G.F. Butcher:

Because obviously the same sort of situation could evolve, could it not?

Senator T.J. Le Main:

They are going to have to advise us.

Mr. I. Gallichan:

The existing tenancy agreement allows us to ask for details of a person's income. What we are trying to do by creating some home owners is encouraging those tenants who are able to purchase a home, and therefore ideally the rent should reflect somewhere near the market rent so that subsidies are not being given to the wealthiest of our tenants, and also there is that encouragement to purchase a home but --

Connétable G.F. Butcher:

No, that is right. But at the moment your fair rent is of 20 per cent behind market, which is obviously a great encouragement for people to stay in social housing if they can get away with it. It is really to try and move people out of that picture. There are going to be some that will want to do it ordinarily, but there will be those that want to --

Senator T.J. Le Main:

Someone can be too old anyway.

Mr. I. Gallichan:

I would suggest when it was 10 per cent as well, because it is not just -- it is the services that go with that property as well, et cetera. But, yes, we have, in effect, created demand, manifested it as need, and then asked for more social rented housing.

Deputy R.G. Le Hérissier:

Just building on Graeme's point, Ian, do you think the 50 plus rule, whereby people cannot be evicted from States housing after the age of 50, is that correct? Do you think that has a tendency to lock people in?

Mr. I. Gallichan:

We are about housing people, not evicting them. I think we have to realistic; 50 is not old but people's options are becoming perhaps more limited.

Deputy A. Breckon:

I am just wondering, can I ask -- a number of people have said this around the table about people paying maximum or fair rents, amount of inheritance. I mean, the other side of that is the kids might have got older and as a couple they are now better off, they are both working or something like that, they can do things they could not afford to do. But if they do not live in social or trust housing, where do they go? Where do they go and live?

Senator T.J. Le Main:

We do not chuck people out.

Deputy A. Breckon:

No, no, I am not saying that. But everybody says - Graeme has just said, somebody else said it - they could move somewhere or they could -- where could they live?

Senator T.J. Le Main:

We are well aware of that and we -- people have struggled all their lives and they come to 55-60 and they either get a good income or they have got a decent pension or something, we are not going to throw them out.

Deputy A. Breckon:

No, but there is a suggestion that people could go somewhere else. I am not sure where they would go.

Senator T.J. Le Main:

No, no, no. No, no, no.

Deputy A. Breckon:

It has been said round the table.

Senator T.J. Le Main:

That suggestion has not come from our department. Well, I can tell you that it certainly will not happen with me.

Mr. I. Gallichan:

I think what we are saying is that --

Senator T.J. Le Main:

We are talking about housing ordinary Jersey people that have been there for years.

Deputy A. Breckon:

Exactly. They cannot necessarily go anywhere else if they are 55 and over.

Senator T.J. Le Main:

Absolutely not. We are well aware that there are going to be people that have got a fairly good income, they have been there for years. We are not going to throw them out.

Mr. I. Gallichan:

I think it is important to say that we are certainly not asking anybody to leave. All we are saying is that if somebody is earning X that they should pay the going rate for that property rather than be subsidised. I think that is what we are saying.

Senator T.J. Le Main:

Yes, absolutely.

Mr. I. Gallichan:

We would not want to --

Deputy S. Power:

Next question.

Deputy A. Breckon:

I think we have covered that. I think we have touched on the element of the rent rebate subsidy element and social security. Are you comfortable with how that is generally going to work?

Senator T.J. Le Main:

Well, I cannot tell you, Alan, because quite honestly it is ongoing. The officers are still in full discussion with the Social Security Department and I have not had any firm recommendations back yet. I have the general gist of what is going on, but there has been nothing come back. It is ongoing, the discussions. In fact the Council of Ministers were meeting this afternoon about the low income scheme, the various issues. I could not attend this afternoon because I am here, but I voiced my concerns on, as I say, the 5-year rule and one or 2 issues.

Deputy A. Breckon:

Would you like to comment on that, because I know you have an experience of non-qualified

accommodation and the fact that people in non-qualified accommodation because of the 5-year rule will qualify for rent subsidy and things, so --

Senator T.J. Le Main:

I just think it is because if you are going to open the doors ... this is my view - not the department's, not Deputy Hilton's - my view. I am extremely worried that the huge amount of people that are going to automatically be able to, by rights, qualify for a housing component after 5 years is going to be a burden this island can ill-afford. That is my view. I think that it is very good to reduce back down as soon as possible from 12 to 10 years. But to give it after 60 months' residence of the Island, well, you think you had a problem with the mobility of ours, well, you watch this. You watch this. My view is that people should have a fairly good commitment to the Island, and I think 10 years for everyone is about right. I am terribly concerned. It is not going to come out of the Housing budget when we -- we are not going to be subsidising people after 5 years from our tenants' incomes. I can tell you - and I told Terry Le Sueur this - it will be over my dead body. I will take it to the States.

Deputy A. Breckon:

Could I just explore a bit further then, because if that is going to be the same money spread further, then is that a concern of the department about --

Senator T.J. Le Main:

Well, of course it is going to be a concern, but the low income scheme will provide a certain criteria for people with income. There is going to be some tears. There is going to be some tears. There are people that are receiving -- when you think you can get to £44,000 and you can still get a rent rebate, there is going to be a lot of tears. I have seen some cases over the years, my gosh, you know, I just could not believe it.

Deputy S. Power:

So you would think it is fair to say that when the assessment for low income support moves from the Housing Department to Social Security for abatement and rebate, that there is going to be --

Senator T.J. Le Main:

There is going to be more losers than winners.

Deputy S. Power:

There is going to be an awful lot of people who will suddenly find out that the Housing Department was very benevolent?

Senator T.J. Le Main:

Yes. Absolutely right. I am talking about those in the private sector in particular.

Deputy S. Power:

Mm, rebate.

Senator T.J. Le Main:

The others have been on about it for ages. We have been on it. We have been far too generous. And it is because it has all been allied to the fair rents, the abatement of the rent rebates being allied to our fair rents. This is why the officers are keen to get on now and have a look at social housing, the new plan we are going to make. Not the property plan, the other one. We will look at all that, sift it all out, with your assistance as well. With all your assistance.

Deputy S. Power:

When do you think your tenants are going to start finding out from Social Security that they are --

Senator T.J. Le Main:

Well, they are not our tenants. They are not going to be our tenants. They are going to be the rent rebate recipients.

Deputy S. Power:

Sorry, yes.

Senator T.J. Le Main:

Well, whenever ... you will have to ask that of Social Security.

Mr. I. Gallichan:

There are transitional payments, so ...

Senator T.J. Le Main:

But they are going to -- some are going to have a shock.

Deputy S. Power:

Have they any idea how much the figure might reduce by?

Senator T.J. Le Main:

No.

Deputy S. Power:

Not yet?

Senator T.J. Le Main:

Unlikely.

Deputy S. Power:

How much discussion has there been between you, Treasury Minister, and Social Security about the readjustment of the rent rebate figure?

Senator T.J. Le Main:

Nothing at all. I am not involved in that.

Deputy S. Power:

Once it goes out of your control it is somebody else's problem?

Senator T.J. Le Main:

I am not involved with that. We pass it over and the Minister for Employment and Social Security is the one that is going to be --

Deputy S. Power:

And you will breathe a sigh of relief?

Senator T.J. Le Main:

I will be absolutely delighted. You know, at the end of the day we are talking about assisting people that need assistance, and we have been assisting far too many people that do not need assistance.

Deputy S. Power:

So that era is over?

Senator T.J. Le Main:

As far as I am concerned. If it had not been for the low income scheme then we would have had to do something; we could not carry on. We were going to do something. In fact, it was only a year ago that I asked the department to bring forward some plans to dramatically cut the top earners in the private rent rebate. Of course I was listening to Members in the Assembly -- even Members like Deputy Martin and Deputy Breckon and others have been complaining to me for ages about the generosity of the scheme. The message has come through loud and clear.

Deputy S. Power:

Alan, are you finished, or did you have another question there?

Deputy A. Breckon:

I could go on for days on this.

Deputy S. Power:

Can you try a couple of minutes.

Senator T.J. Le Main:

About the property plan you could not. Other things you could.

Deputy A. Breckon:

Well, I am looking behind the scenes at the finances, so maybe all I will just say at this stage, Minister, is I will get back to you in the future with some figures that I would like you and the department to comment on.

Senator T.J. Le Main:

Alan, we have an open door.

Deputy A. Breckon:

I did not say you had not.

Senator T.J. Le Main:

Please, if you can assist me at any time ...

Deputy A. Breckon:

And a few open roofs as well.

Senator T.J. Le Main:

This is why I am ever so pleased to be able to be working with you, gentlemen, because quite honestly you can assist us. You are the critical friend. Hopefully you are going to assist us and we can come forward with a plan that is going to get your approval and you are going to work with us and we get it through with minimum worry.

Deputy A. Breckon:

Can I just make a comment there, the other thing that we have done - and it happened with the income support - the scrutiny panel brought in an advisor from outside, and it was somebody with experience of this sort of system, and he has spent more time in the Society Security Department than he has spent

with the scrutiny panel. But they did not have anybody from outside. I am not saying you always need somebody from outside, but we have not brought anybody from outside to try and trip anybody up. It is just because they have experience in other places. I hope you will see it in that light; it is not --

Senator T.J. Le Main:

I am totally confident between all of you that you understand. I know you understand what we are trying to achieve. We need to achieve it. It is going to be good - good for everyone and good for the Island - and it allows us at long last to be able to move forward. I have no problem about that at all.

Deputy S. Power:

I hasten to add a comment to what Alan said; we cannot afford as a sub-panel to have the Chartered Institute of Housing visit you at your department and give you free consultancy for 6 weeks. Can I ask another question related to Le Squez, which I would regard as your trial scheme, your first scheme in terms of sale to tenants? I think the first phase was something in the region of 60 properties; would that be about right?

Senator T.J. Le Main:

No, 18 properties.

Deputy S. Power:

Eighteen in the first one. How many in the second phase? How many have you sold to date?

Senator T.J. Le Main:

Well, you have 18 in the first phase and 30-something in the other so --

Mr. I. Gallichan:

Yes, but you are talking about Le Marais as well?

Deputy S. Power:

Yes, the sale to occupiers.

Mr. I. Gallichan:

Yes.

Deputy S. Power:

How many of those occupiers were actually tenants in those buildings, and how many have you brought in? How many did you have to --

Mr. I. Gallichan:

On these 2 phases, Le Squez 1A and Le Marais, they were new buildings, so everybody moved out.

Deputy S. Power:

So they were essentially completely empty? Well, they were tenants but they were tenants somewhere else ?

Mr. I. Gallichan:

No, they were probably tenants at Le Squez. I mean, Dominique will probably clarify how many returned, but the new building --

Ms. D. Counce:

Yes, quite a number were moved to temporary accommodation in order to then move back and purchase one of the new builds.

Deputy S. Power:

To move back to the property?

Ms. D. Counce:

Yes. But, I mean, that was not exclusive. Some were tenants from across the stock that moved.

Deputy S. Power:

And in the case of the proposal now in the property plan to sell to existing occupiers of a specific building in a specific -- how many of those have you done to date?

Mr. I. Gallichan:

Sorry, at Le Squez and ...?

Deputy S. Power:

Yes.

Mr. I. Gallichan:

None. Because it is a major -- I mean, even the properties that are being refurbished, nobody could remain there. They have all had to move out. Now, some of the properties in this property plan will be properties that we can sell fairly quickly.

Deputy A. Breckon:

I will just add something else, Terry. Just in general figures, I think in some of the discussions over the

questionnaire you said you had 1,800 pensioner tenants either single or a tenancy; if you take that off a number, you have around about 3,000 others, a number of whom would be paying maximum rent. How confident are you that there is 800 among those 2,800-3,000 that could afford to buy?

Senator T.J. Le Main:

Well, Alan, we have 211 waiting now, okay? The plan is a 10-year plan. All the experience shows us that people's incomes go up year-by-year. As you heard Ian say, people's incomes in the last year or so have gone up by 10 per cent, the last year or 2. So we are confident that the 211 we can actively sell off in the next 2 or 3 years, whatever, and by that time they will be easily, easily replaced by similar number of tenants over the period of 10 years. No question.

Connétable G.F. Butcher:

Can I just have a point of clarification there? Is that 211 a list that you have, or is it 211 that have pre-qualified to borrow the requisite amount to buy the house?

Senator T.J. Le Main:

As I explained to you before, they have all virtually, we would believe, pre-qualified to buy because they have been to see all -- we are getting feedback from the mortgage lenders and what have you that they have been to the banks and the bankers and all that sort of thing. We would presume that all those have been and got --

Connétable G.F. Butcher:

It is a presumption?

Senator T.J. Le Main:

Yes.

Connétable G.F. Butcher:

Okay.

Senator T.J. Le Main:

Well, I have not asked them all and I do not know if Dominique knows that, but certainly those that put their names down -- we are bound to get one or 2 to drop out for various reasons, or they have bought somewhere else or something, and certainly we have one or 2 drop out of Le Squez and we have had to re-what-you-call-it. But that is normal with anything.

Connétable G.F. Butcher:

I mean, generally with people there would be a wish list: "I would like to buy a home" but then when

they go and ask, they realise they cannot --

Senator T.J. Le Main:

When we had a housing list 4 or 5 years ago and we advertised for people to put their names on, we had 2,000 one beds, 2 beds, family homes, and when we sifted it 50 per cent would never have been able to buy a bike, let alone a what-you-call-it, you know. But we are confident that -- we are very confident that with what we have before us here with those names, those are the people. Certainly the department knows all those clients fairly well. I know many of them and I know they are all in very, very good jobs and good employment and they will, no doubt, qualify.

Mr. I. Gallichan:

And the important thing is, you are talking about 10 years and there are --

Connétable G.F. Butcher:

Yes, I appreciate that.

Mr. I. Gallichan:

And there is obvious incentive for existing tenants who perhaps are not in a position but who will be in a position to purchase. The many that we have spoken to, Dominique has spoken to, it is that opportunity to work towards something; many have expressed an interest in doing that.

Senator T.J. Le Main:

And you have got to remember that the housing officers, who I have to say are absolutely superb in every way, shape and form, the way they deal with professionalism, go and visit all these people in their own homes. They sit with them, they talk with them, so they are very well aware of all these people.

Deputy A. Breckon:

Terry, can I ask you a question? You said at the start about the strategic plan and the home ownership, but if I was not a States tenant - and I am not and I never have been - then is it fair that some people are given an opportunity to buy a home, and others, say, who may be earning less than £45,000 who will never be able to buy, should not be given a similar opportunity and would you think that is a consideration?

Senator T.J. Le Main:

But these people have been paying rent for years, Alan.

Deputy A. Breckon:

Yes, but there are people outside who will never be able to own a home.

Senator T.J. Le Main:

No, we cannot go out --

Deputy A. Breckon:

What if you cannot get the 800?

Senator T.J. Le Main:

That would ruin it, because quite honestly if we had to bring extra people in then we would have to go out and buy extra stock. The case is, we would like to get rid of these high earners out of our stock, so we sell them the home. But if we were to go outside the States tenants then we would create almighty chaos everywhere in the housing market.

Deputy J.A. Hilton:

Can I also add, within the strategic plan it is said to increase home ownership among our own States tenants. But, I mean, if we came to a point whereby there was not a big enough uptake, we would then consider going to the trusts for the Housing clients.

Deputy A. Breckon:

Did it not just say "home ownership" somewhere as well?

Deputy J.A. Hilton:

Pardon?

Deputy A. Breckon:

Did it not say "to increase home ownership" as well?

Deputy J.A. Hilton:

Among our own ...?

Deputy A. Breckon:

Did it not just say "ownership" as well?

Mr. I. Gallichan:

Initially among States tenants.

Deputy J.A. Hilton:

Yes.

Mr. I. Gallichan:

But the plan says that if there is insufficient take up from existing tenants, then we will approach former tenants, Housing tenants, in trust accommodation on the basis we would allocate --

Deputy A. Breckon:

Linked to that, if you get rid of all the high earners, then who is going to pay the money for the subsidies?

Senator T.J. Le Main:

Alan, they are coming on line all the time. As I explained to you before, the incomes have increased. Remember, we are talking about 60 homes a year. That is all we are talking about; 60 out of 4,700 units. We have people coming in and replacing them all the time with good incomes. It will not change.

Deputy A. Breckon:

You cannot do that if you sell the stock though.

Mr. I. Gallichan:

Have we not kind of missed the point if we effectively become a landlord that is looking for wealthy tenants? We are supposed to be a social housing landlord, not looking for people with lots of money.

Deputy A. Breckon:

Can you define wealth?

Mr. I. Gallichan:

No, probably not.

Senator T.J. Le Main:

We have got to house people in need.

Deputy S. Power:

What is your percentage turnover at the moment per annum?

Mr. I. Gallichan:

We have 500 voids generated per annum because of the --

Deputy S. Power:

Per annum?

Mr. I. Gallichan:

Per annum. Largely because of the --

Deputy S. Power:

That is over 10 per cent.

Mr. I. Gallichan:

Yes, which is very high, largely because of the full occupancy policy.

Deputy S. Power:

And those tenants that pay full rent - the 26 per cent that pay full rent - are they a lower turnover or are they a higher turnover? I would imagine they are lower turnover.

Mr. I. Gallichan:

Yes.

Deputy S. Power:

A lot less?

Mr. I. Gallichan:

But clearly the stock is -- we are creating a lot of voids, a lot of expenditure.

Deputy S. Power:

Do you have more empty stock at the moment than previously, or ...?

Mr. I. Gallichan:

We have empty stock - about 123 units that have been lost because of the refurbishment at Le Squez and Le Marais - but the actual number of voids at the moment is, on average, about 45 at any one time, which compares very, very favourably with the UK.

Deputy S. Power:

Has that crept up lately?

Mr. I. Gallichan:

No. The letting times have crept up because, as Dominique will tell you, there is a greater degree of choice out there, which is great. But also our waiting list in various areas has shrunk, so the demand has lessened and so our turnaround time - not the amount of time we spend on void refurbishment

maintenance, that has stayed the same, but the amount of time taken to let these properties - has got longer.

Deputy S. Power:

You have had no increase in demand for States' rental accommodation because of the property plan? Because of an expectation to get into the States system to buy?

Mr. I. Gallichan:

No, and I have to say, that is something we were acutely aware of when the property plan was launched.

Deputy S. Power:

So there has been no spike in the last 3 or 4 months?

Mr. I. Gallichan:

No.

Deputy S. Power:

So everything is more or less as it was?

Mr. I. Gallichan:

Yes.

Deputy S. Power:

I do not have any more questions for these lovely people. Anyone else have anything?

The Connétable of St. Martin:

Yes, I have one, I think.

Deputy R.G. Le Hérissier:

Make it a difficult one. [Laughter]

The Connétable of St. Martin:

It is just my brain is thinking along practical lines. I must say, in fact, that we had a tour round a couple of the sites last Monday and --

Senator T.J. Le Main:

I am sorry I could not join you.

The Connétable of St. Martin:

I want to congratulate you on the standard of work that has been done. It is brilliant. Absolutely wonderful. So we have seen an excellent quality of refurbished properties, and we have seen the ones that need refurbishing, namely at Clos de Roncier. I seem to remember one of the housing officers saying there was 58 properties; who was that? Was it 58?

Senator T.J. Le Main:

It was 58, yes.

The Connétable of St. Martin:

I just checked in the property plan and I noticed that 29 were earmarked for sale. Bearing in mind you have 58 and the commitment to refurbish the ones that are going to be sold, I cannot quite visualise them being refurbished individually, so it is obviously going to be refurbished in blocks.

Senator T.J. Le Main:

They are refurbishing all the 58.

The Connétable of St. Martin:

Refurbishing the 58?

Senator T.J. Le Main:

The 58 over a period of time; the whole 58. But there are 2 phases because the first phase were built years before the others, I think. Is that right?

Mr. I. Gallichan:

Yes, they are the ones you saw refurbished --

Senator T.J. Le Main:

But they are all to be -- the whole estate has got to be refurbished because not only when you refurbish an estate that age, you have got a lot of infrastructure. I mean, we want to do all the gardens, we want to re-jig the parking, and often you have to do the main services as well, so the cost has to be spread over the whole lot.

The Connétable of St. Martin:

I seem to remember, again, that the figure quoted was £24,000 a property, although it will be probably more than that by the time you get to do it.

Senator T.J. Le Main:

I think the anticipation with all the gardens, you know, like Princess Place, you need to go round and look at Princess Place now and what a difference that has made. We are going to add new parking, we are going to take away some of the front gardens, the whole thing is going to be tarmac, everything. I mean, about £30,000.

The Connétable of St. Martin:

Well, there are couple of things that I am thinking about, because if you have 58 to sell and the take up is not going to be 58. It might --

Senator T.J. Le Main:

No, we do not have 58 to sell. There is 29.

The Connétable of St. Martin:

I am sorry. There are 29 to sell?

Mr. C. Mavity:

No, 83 homes on the site, 58 are for sale.

Senator T.J. Le Main:

Sorry, beg your pardon.

The Connétable of St. Martin:

Fifty-eight are for sale?

Mr. C. Mavity:

Appendix D2.

Senator T.J. Le Main:

Sorry, I apologise.

The Connétable of St. Martin:

I looked in the appendix and there was 29 mentioned. What was that appendix?

Mr. C. Mavity:

Appendix D2 is the list of homes for sale on the shared equity scheme, and there are 58 on that site identified.

The Connétable of St. Martin:

The principle is the same, basically. I think, to come to the point, you have 83, 58 are for sale, the take up is going to be probably a good deal less than 58. However, you have refurbished 83 homes and probably sold, I do not know, 5, 10, 12? You are not going to make much money out of that, are you, because you have 83 times 30,000 --

Senator T.J. Le Main:

We are not there to make money, Constable.

Deputy J.A. Hilton:

No, we are not.

The Connétable of St. Martin:

No, okay, but are you going to cover costs, shall I put it that way?

Senator T.J. Le Main:

We are there to provide decent homes to decent people.

The Connétable of St. Martin:

Are you going to cover costs?

Senator T.J. Le Main:

It is a case over a 10-year period, not only on this, but it is a lot of juggling to do.

The Connétable of St. Martin:

I know, I know. Just looking, on the face of it you are look at the principle of selling off homes for refurbishment of others, it does not seem you are going to cover it on that particular one.

Mr. I. Gallichan:

But we have £30 million in the capital programme. We already have £2 million set aside for Clos de Roncier from the sale of the 7.

Deputy R.G. Le Hérissier:

Appendix C.

Mr. I. Gallichan:

Well, no, the ones we have already sold. The States gave approval for us to sell these 7 properties, and so we have referred to this £30 million in the capital --

The Connétable of St. Martin:

I am taking it probably out of context, but the principle I am trying to say is that you have 83 to refurbish. The actual money you are going to make in just that Clos de Roncier bit is never going to cover refurbishment costs of 83 houses.

Senator T.J. Le Main:

No, but what we have to do, we have to consider the whole plan over a period of years. It is not only Clos de Roncier. In other areas we will recover monies in other areas.

Deputy S. Power:

There is a degree of flexibility about it. We have overrun --

Senator T.J. Le Main:

I can understand where you are coming from.

Deputy A. Breckon:

I think Roy had a quick one.

Deputy S. Power:

Do you have another one, Roy?

Deputy R.G. Le Hérissier:

Well, it was one of the questions but I will try and condense it.

Senator T.J. Le Main:

Do not make it too hard, Roy.

Deputy R.G. Le Hérissier:

It is all getting very pally-wally. I think I have to up the ante, as they say.

Senator T.J. Le Main:

Here we go.

Deputy R.G. Le Hérissier:

I will try and condense it, Terry. It is the whole issue of valuation. What model is proposed for the accurate valuation of properties proposed for sale under the plan, and who will do the work? Will it be an open market valuation? Will it be based on, in other words, the open market, as opposed, for example, to the occupier's ability to pay?

Senator T.J. Le Main:

The houses will be valued by 3 independent estate agents in Jersey.

Deputy R.G. Le Hérissier:

Why not valuers? Why not proper valuers?

Senator T.J. Le Main:

Well, estate agents are the ones that know the market.

Deputy R.G. Le Hérissier:

But the mortgagees will only take notice of proper valuers.

Senator T.J. Le Main:

Sorry?

Deputy R.G. Le Hérissier:

The lenders will not take any notice of estate agents, will they?

Deputy S. Power:

They will only use chartered surveyors.

Senator T.J. Le Main:

Well, you know, all I am saying to you is what is proposed; 3 independent estate agents who will value them as first-time buyer homes. That is how we have -- they will be sold on as first-time buyer homes with onward sale conditions attached. They can only be maintained as a first-time buyer, or occupied by a first-time buyer.

Deputy S. Power:

So when the bank comes in, when a lender comes --

Senator T.J. Le Main:

The bank then gets the chartered engineer or the chartered valuer or whatever they want.

Deputy S. Power:

And if there is a difference?

Senator T.J. Le Main:

Sorry?

Deputy S. Power:

If there is a difference?

Senator T.J. Le Main:

That is about right, is it not, Ian?

Mr. I. Gallichan:

Yes. I mean, we have got to be careful we do not value these properties to death. We do have knowledge in the market, we do know what is being sold. If it is felt that a surveyor should come in, a valuer, et cetera, to value these properties, then certainly the department would look at that. But within our costs; we do not want to be spending vast sums of money on valuing these properties. Bearing in mind, however, they probably would only have to value one on an estate because they are exactly the same.

Deputy S. Power:

But all the mortgage lenders in Jersey will insist on a valuation by a chartered surveyor, and that is normally the fee is one per cent of the valuation.

Mr. I. Gallichan:

Yes. I think you will find that the valuations we have had already from agents on, for instance, the Le Squez properties accords very nicely with views held by mortgage brokers, et cetera. £286,000 is a very, very fair valuation, and that is the average from the 3 who have valued.

Deputy S. Power:

Okay.

Deputy R.G. Le Hérissier:

The other thing I was going to ask is totally different, Ian and Terry, but obviously as you do this sale, as it carries on, you will often sell a fixed number but not a particular designated house?

Senator T.J. Le Main:

That is right.

Deputy R.G. Le Hérissier:

So what are you going to do if you change, like, the social balance on an estate? Have you thought about how this could change the social balance on an estate? You have that problem on some estates

where you have ended up with, I do not know, an excess of teenage kids, for example.

Mr. I. Gallichan:

Yes. I mean, one would say that if you look at the last census and you compare Les Cinq Chenes, for instance, with Miladi Farm, the child population at Les Cinq Chenes is much, much higher. Small wonder we end up with problems. The reason for that is the full occupancy policy. Owner-occupied properties tend to have that period of where the children have grown up and leave home, and there is some comfort for the estate that there is a fluctuation in the numbers. We feel that by selling some of these homes you are going to introduce that, because people will stay on these properties. I say Les Cinq Chenes; that is some of the criteria we used for the selection of these homes is the Les Cinq Chenes, the Clos de Roncier, where there is very high concentrations of children, et cetera, and the properties are never given a break, the estate is never given a break.

Senator T.J. Le Main:

And we also believe very much that we have more opportunity for home ownership in these estates, to have residents associations. People that really care about the estates will come forward. We are having huge difficulties, as you know, with Les Cinq Chenes and other estates, in getting people to come forward. We believe this is a real opportunity for people who are homeowners that will be residents there. They will want to work, you know, and I think this is a real, real positive plus for us.

Deputy S. Power:

You are talking about introducing social accountability, forced.

Senator T.J. Le Main:

I think it is a real plus for us after all these years. We have tried and tried and tried, you know.

Deputy S. Power:

I am going to bring the meeting to a close.