

**WRITTEN QUESTIONS TO THE MINISTER FOR HOUSING
BY DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT**

ANSWER TO BE TABLED ON TUESDAY 5th JUNE 2007

Question 1

With regard to the forthcoming sale of properties at Le Squez (phase 1B) would the Minister advise –

- (a) how the discrepancy between the price agreed in 2005 and current valuation occurred, and how he will ensure a similar situation does not arise with regard to future sales?
- (b) whether he has now resolved the dilemma of how to protect the public interest whilst at the same time avoiding placing those purchasers recently advised of a rise in price and change in terms in a position of distress or difficulty?

Answer

- (a) The properties were valued off plan on 10th December 2004. These valuations were based upon First Time Buyer market levels at that time. Following approval of P.19.2004 on 9th March 2004 the homes at Le Squez 1a, Le Marais Phase1 and Le Squez 1B were marketed to tenants by the Department at those prices. To have offered properties at Le Squez 1B for sale at a fixed price and at a stage when a completion date was not known was a mistake. The matter was further compounded by an inadequate deposit agreement. In 2007, the Department found itself in the position of selling homes at depressed values because the property market had seen a significant rise in the preceding 12 months. It therefore had to reconcile the price of these homes with the expressed aim of the States Assembly in seeking to avoid excessive profiteering by purchasers. This situation cannot happen again. Any future sales agreed by the States Assembly will be carried out in accordance with the Social Housing Property Plan 2007 – 2016. Three separate valuations will be carried out, all of which will be undertaken at the time of sale.
- (b) Balancing the needs of the individuals purchasing a home with that of protecting the public interest by preventing excessive profiteering has been immensely difficult. There was never a question of any prospective purchaser missing out as a result of the requirement to introduce additional safeguards. The matter needed to be resolved by negotiation and discussion. A fair and equitable solution has been found whereby sales will go ahead at the original prices with a 10% claw back provision in perpetuity. An additional 15% depreciating claw back will also be payable over a 15 year period. This enables all of the proposed sales to go ahead whilst providing adequate protection to prevent excessive profiteering. The Department has quite rightly apologised to all of those affected as a result of mistakes made.

Question 2

Would the Minister advise of the amount normally made available to tenants towards relocation expenses, how it was arrived at, whether it is index linked and whether he considers that amount sufficient to enable someone to move without being out of pocket, especially those persons moved involuntarily?

Answer

Relocation expenses are only payable where tenants are required to move so that homes can be refurbished or redeveloped. Therefore tenants are moving from sub-standard accommodation into homes which will be of a better standard and be cheaper to run. Refurbishment and redevelopment programmes take time to organize. Tenants are always consulted and aware of the proposals well in advance. They are advised not to expend unnecessary money on their homes running up to the time when they will have to move.

The allowances payable vary between £150 and £300 depending on the size of the accommodation. Each case is considered on its merits with the personal circumstances of the tenant concerned being taken into account. Expenses are set at a level so as to fund those specialist services which the tenant cannot reasonably be

expected to do themselves, in particular the disconnection and connection of telephones and cookers. These items can be undertaken for approximately £90.00 leaving an amount of money to contribute to other removal expenses. These allowances are not index linked but are reviewed before each major project. The Department must balance the needs of those relocating with a finite budget, already stretched. Any increase in relocation expenses will have to be met by curtailing expenditure elsewhere.

On 19th June this year, the States Assembly will debate the Social Housing Property Plan 2007 – 2016. In view of the scale of the refurbishment programme contained therein, it is timely for the Department to review relocation expenses. If at all possible the Department will seek to extend the assistance given but with due regard to the budgetary constraints already mentioned. The Department will ensure that Deputy G.C.L. Baudains is aware of any changes.