STATES OF JERSEY

FORMER JERSEY COLLEGE FOR GIRLS: PROPOSED SALE

Lodged au Greffe on 27th February 2007
by Deputy R.C. Duhamel of St. Saviour

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion −

(a) to request the Minister for Treasury and Resources to take no steps to conclude the sale of the former Jersey College for Girls, as reported to the States on 20th February 2007 until the documentation relied upon by the Minister to establish the value of the property (land and buildings) has been presented to the States Assembly; and

(b) to agree that the sale of the property in the terms proposed by the Minister for Treasury and Resources does not represent good value for the public of Jersey.

DEPUTY R.C. DUHAMEL OF ST. SAVIOUR

REPORT

Based on information available to me at the time, I wrote to the Minister for Treasury and Resources on 6th January 2007. My letter is reproduced below.

5 Douro Terrace,
Le Mont Pinel,
St. Saviour,
JE2 7RS

6th January 2007

Dear Terry,

Further to our meeting on the 7th November 2006 and our subsequent conversations prior to Christmas, I would formally like to express my reservations on the proposed sale of the Jersey College for Girls site and buildings.

I understand that the whole site has been valued on the basis of the main school building having an SSI designation and that planning permission has been or will be granted for some 18 units in the front part of the original building, 31 units in a new block to be built at the rear and for 9 town houses on the playground site adjoining Drury Lane and that the consideration for the sale is in the order of £2 million.

On the basis of discussions with various developers I am led to believe that the whole site is being seriously undervalued. The SSI designation only relates to 18 of the 58 units and should not be used to value the whole site.

Using figures for average prices from the Statistics Department for the third quarter 2006 and using a site value of 40% of the selling price gives the following appraisal.
1 bed Flats (22 in new block) – sale price £168K – site value £1.474M
2 bed Flats (9 in new Block) – sale price £259K – site value £0.936M
3 bed Houses (9 in Drury Lane) – sale price £398K – site value £1.431M

This would asses the site value of the ***new build*** *properties at £3.841M without considering the value of the front of the Jersey College for Girls building for which 18 units of accommodation are planned (8 two bed units and 10 one bed units). If these higher class units were also assessed on the same basis (a generous assumption as a major part of the building is already in existence) then a further £1.502M would be added to the site value giving a total of £5.343M. Even if the assumption of a site cost at 40% of selling price were to be considered a little on the high side the same calculation on 30% still produces a site value in excess of £4M.*

If the development of the site were to be considered as three separate parts a higher valuation could be obtained.

The Drury Lane site considers two storey town houses with no potential use of the roof space. It is unclear why this planning restriction has been suggested. An inspection of the building types along the lane includes a 19th century building of three stories and a modern four storey block as well as two storey buildings with dormer accommodation. The Drury Lane site is a large site by any town standard and there is potential for a more imaginative scheme which could add significant value to the site without compromising the neighbouring properties. The current proposal fails to maximise the potential of this site and squanders a valuable land resource.

The demolition of the rear of the college building and the replacement accommodation block of 31 units is a reasonable proposal providing that the site is valued independently at current market rates.

The development of the front of the college building as residential accommodation however must be questioned. The desire of the Minister that all internal architectural features be retained will be compromised by the change of use. An alternative use more in keeping with the existing usage would be preferable. This could be public or *private office accommodation or public exhibition space with ancillary teaching or craft rooms. Although the location is not within the office development area, it is on the ring road and high value tenants could easily be attracted to such a prestigious environment. This use would make it easier to maintain public access to and interest in the building. The States of Jersey appear to be wanting to invest millions of pounds in the preservation principally of the façade of the building which, if developed as private residential units will be lost to the public. There are many other ways whereby the maintenance of the building could be achieved. For example, the front of the building could be leased to a non profit making company which would administer the uses of the building and invest income generated in renovating the property over a number of years.*

Selling the two parts of the whole site which have a positive value and retaining the part which needs money to be spent on its renovation would maximise the short term capital gain to the States and allow the self funding renovation to take place in the medium term. In the longer term the renovated building would become a more valuable asset in its own right.

On the valuation basis set out above there appears to be a hidden subsidy for heritage preservation of some millions of pounds which, if presented openly as part of the States Business Plan, would be unlikely to be supported over other more pressing social needs.

Finally and generally I wonder whether any thought has been given to the future synergistic use of the land in public ownership which lies to the north of the site. In particular the new build will impact on the light available to the buildings currently occupied by Centrepoint and perhaps will hasten the consideration of their demise and replacement.

I hope that you will investigate these issues before committing the States of Jersey to any sale and would be grateful to receive your comments in the very near future.

Sincerely

Rob Duhamel
Deputy St Saviour

Details presented by the Minister now suggest that the property is to be disposed of for £1.8 million plus a profi share. Based on the valuation above and a developer's profit of 20% the total profit would be £2.67 million Assuming the States is unlikely to receive more than half of the estimated profit, this would increase the total return to the States to £3.1 million. This is still well below the lower of the two valuations set out above.

It should also be recognised that any profit sharing proposal will always carry with it a degree of risk in achieving the anticipated return.

I do not consider that the sale in the terms proposed by the Minister maximizes the potential return to the public of Jersey.

Financial and manpower implications

There are no direct financial or manpower implications for the States arising from this proposition.