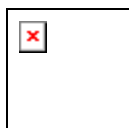


CANNON STREET AND LEMPRIÈRE STREET HOUSING DEVELOPMENT: SALE TO JERSEY HOMES TRUST

**Lodged au Greffe on 6th June 2000
by the Housing Committee**



STATES OF JERSEY

STATES GREFFE

180

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Price code: B

PROPOSITION

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

- (a) to approve the sale of the freehold interest of an area of land in Cannon Street and Lemprière Street, St. Helier, as shown hatched on drawing no. 641/1, to the Jersey Homes Trust for redevelopment as social rented housing, for a nominal sum to be agreed by the Finance and Economics Committee;
- (b) to authorise the Attorney General and the Greffier of the States to pass the necessary contracts on behalf of the States.

HOUSING COMMITTEE

Note: The Finance and Economics Committee supports the sale of the freehold of the area of land at Cannon Street and Lemprière Street, St. Helier (shown hatched on drawing no. 641/1) to the Jersey Homes Trust for the nominal sum of £10. The contract of sale (or other such documentation) must include legally binding agreements covering the following matters -

- (a) maximum rents that may be charged by the Trust;
- (b) nomination rights for the Housing Committee;
- (c) tenant consultation policy;
- (d) restrictions on the future use of the land/property;
- (e) restrictions on the onward sale of the property.

The Committee recognises that the sale will provide a subsidy in terms of the opportunity cost of not achieving a capital receipt for the land, however, as it has always been the intention to use the site for social housing development purposes, its value would never be realised and the subsidy is notional. The Committee further believes that the sale is in accordance with its policy of taking every opportunity to encourage the private sector to engage in the provision of social housing.

REPORT

Introduction

The Cannon Street/Lemprière Street site in St. Helier, together with the former Postal Headquarters site at Mont Millais and the former La Motte Ford site, Grouville, have long been identified as sites which, subject to States approval, would be developed by housing trusts.

The States will recall that it agreed recently to a proposition of the Housing Committee (P.21/2000) to sell the former Postal Headquarters site to the Jersey Homes Trust for redevelopment with social rented housing.

The Committee now seeks the support of the States for the sale of the second of these sites to the Jersey Homes Trust in order that the building works can commence. The third site, the old La Motte Ford site in Grouville, will be brought to the States for their consideration shortly.

The scheme

The Cannon Street/Lemprière Street housing scheme comprises the construction of 41 new units of accommodation, consisting of 17 one-bedroom flats, 23 two-bedroom flats, one three-bedroom house, together with basement car parking for thirty-seven vehicles, and external landscaped areas.

A number of the original buildings on the site have been demolished and part of the site has been used as a temporary public car park. Tenders have been received for the demolition of Parade Square Flats, with the demolition of Nos. 11, 13 and 13A Lemprière Street being undertaken as part of the main building contract. Construction work, subject to States approval of this proposition and the passing of the necessary contracts of sale, will start on site in July of this year.

Funding

The funding of this housing development will follow precedent set by other housing trust developments. Accordingly, the Jersey Homes Trust will borrow privately from the banks to finance the development, to be repaid over a maximum period of 25 years, subject to the usual Letters of Comfort being issued by the Finance and Economics and Housing Committees. An interest subsidy will be granted to the Trust on any interest paid above four per cent over the period of the loan.

The intention is to sell the site to the Jersey Homes Trust for a nominal sum as the anticipated rental income stream will not cover construction and associated costs of the development, and there is therefore little prospect of a residual valuation of the land. In addition, a development subsidy from the Housing Development Fund will be required, although the exact figure will not be known until tenders for the project have been received. The detail of these financial arrangements will be agreed with the Finance and Economics Committee accordingly.

Housing trusts

The States will recall that it detailed in P.21/2000 the legal and contractual arrangements which are in place, pending the introduction of new legislation, to protect the future interests of tenants, trustees and the States where housing trusts are involved in the provision of social rented housing.

The signed Legal Agreement between the Housing Committee and the Jersey Homes Trust, which covers such matters as maximum rents, nomination rights, tenant consultation and the repayment of surpluses, will equally apply to the Cannon Street/Lemprière Street redevelopment.

The contract of sale will also contain the same conditions with regard to future use of the land/property for social rented housing only, and the same restrictions regarding the onward sale of the said land/property.

Conclusion

The Cannon Street/Lemprière Street site is an urban site that remains undeveloped despite the continuing need to provide social rented homes in the Island. It is regrettable that this site has lain undeveloped for so long.

The Housing Committee is keen to support the Jersey Homes Trust in its development of this site and the Trust is keen to start construction as soon as possible.

The Housing Committee looks to the States therefore to support this proposition accordingly.