

STATES OF JERSEY

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LE SQUEZ AND PART OF LE MARAIS ESTATE, ST. CLEMENT

Lodged au Greffe on 3rd February 2004
by the Housing Committee

STATES GREFFE

PROPOSITION

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

- (a) to authorise the sale to Housing Committee tenants of certain properties at –
 - (i) Le Squez Estate, St. Clement within the area identified in hatching on Drawing No. 3; and
 - (ii) Le Marais Estate, St. Clement within the area identified in hatching on Drawing No. 4;at prices to be agreed with the Finance and Economics Committee, and with the resultant income to be utilised in the redevelopment programme for both estates;
- (b)
 - (i) to authorise the Greffier of the States to sign the said drawings on behalf of the States; and
 - (ii) to authorise the Attorney General and the Greffier of the States to pass on behalf of the Public any contract it may be necessary to pass in connection with the sale of certain properties referred to in paragraph (a) above.
- (c) to authorise the Treasurer of the States to receive these payments as they become due.

HOUSING COMMITTEE

Note: The Finance and Economics Committee's comments are to follow.

REPORT

1. Introduction

In 2002 the States approved the Housing Committee's Strategic Policy Report 2002 – 2006. That document laid out a number of principal aims which included –

- to ensure that a sufficient supply of accommodation is provided to meet the reasonable demands of all residents to obtain secure and affordable homes;
- to enable housing for those in need to be provided through a range of funding mechanisms, in order to make the most cost effective use of public funds;
- to ensure the Islands stock of rental housing is properly maintained and where necessary improved;
- to support the principle of home ownership; and
- to utilise resources effectively to achieve best value.

This proposition is brought forward in support of these agreed objectives. It is the intention of the Committee to undertake a comprehensive and considered strategy which will over no more than 10 years witness the demolition and replacement of the low/medium rise flats at Le Marais and demolition, refurbishment and replacement of dwellings at Le Squez, St. Clement.

2. Background

2.1 Both Le Squez and parts of Le Marais estates are now of an age where their physical condition requires that urgent and fundamental action is taken to address substantial and increasing problems. The material used in the built fabric of most of the existing flats and houses has now reached the end of its anticipated lifespan and the poor quality of that physical fabric will continue to require regular and costly attention. The houses and flats are “worn-out”. Both estates have a road dominated layout, a lack of definable private space, poorly defined public amenity space and a drab and repetitive institutional appearance. The physical appearance and condition of both these estates demands an innovative and urgent response to address a wide range of problems associated with the built environment.

Within Le Squez the problems are spread throughout the estate whereas at Le Marais they are restricted to the low rise blocks currently used for rental. At Le Marais a major refurbishment of the high rise blocks was completed several years ago.

2.2 The Committee is of the view that a strategy of remodelling and refurbishment will achieve a number of objectives –

- it will address the problems evident within the physical fabric by refurbishment, where appropriate, or demolition and replacement where necessary;
- it will restore a sense of community and identity;
- it will embrace tenant involvement;
- it will address landscape enhancement and the provision of clearly defined private and public amenity space;

- it will ensure energy efficiency and natural supervision to enhance security;
- it will seek to minimise disruption during refurbishment;
- it will be cost effective and represents best use of resources whilst recognising the present budgetary restraints;
- it will provide the Committee with the opportunity to rebalance their existing housing stock and improve stock management objectives.

On a broader front, the Committee wish to fully exploit the potential for enhancement of the whole area through mixing tenure. Selling a proportion of homes to people on a mix of incomes has been demonstrated by recent schemes in the U.K. to be an important new instrument in rebalancing declining estates, reducing the stigma of living in them, improving property values and decreasing the turnover of tenants. The Committee recognise the importance of raising the quality of life on large social rented estates and the contribution that a mixed tenure of households with differing incomes can make to achieving balanced and substantial communities.

3. The Proposals

- 3.1 The proposed scheme for Le Squez seeks to refurbish approximately one third of the dwellings and demolish the remainder to replace them with new homes. The scheme would progress in four phases spread over a period of between 8 and 10 years, commencing in early 2004. Figure 1 illustrates the potential housing stock and tenure after the proposed redevelopment.

Le Squez

Figure 1

	Existing Stock	Proposed Scheme	
		For Sale	For Rent
4 Bed Houses	17	28	3
3 Bed Houses	58	99	43
2 Bed Houses	33	33	17
3 Bed Flats	46	–	–
2 Bed Flats	54	–	2
1 Bed Flats	16	–	16
Bungalows	19	–	1
Totals	243	160	82

The programme for Le Marais (Low Rise) proposes a redevelopment in three phases over a 5 to 8 year time scale, commencing in the later part of 2004. The High Rise rented dwellings and Le Petit Marais - in owner occupation are not part of this programme. Figure 2 illustrates the potential change in housing stock and tenure after the proposed redevelopment.

Le Marais (Low Rise)

Figure 2

	Existing Stock	Proposed Scheme	
		For Sale	For Rent
4 Bed Houses	-	1	–
3 Bed Houses	-	54	–
2 Bed Flats	35	–	–

1 Bed Flats	28	–	32
Bedsits	21	–	–
Totals	84	55	32

The loss of three bedroom rental stock through sales on both estates will be made up in part by the development of social rented accommodation on the neighbouring rezoned sites at Hodge Nurseries, Phase II and Field 40, La Rue de Maupertuis, St Clement.

- 3.2 Including fees and inflation a sum of about £50 million would be required to meet the Committees aspirations for both estates. The Committee had intended to demolish and rebuild Le Squez over a 10 year period, using a vote of capital from the States. However, only £4.68 million has been allocated from the States Capital Vote and there is no prospect of any additional vote in the foreseeable future. This would mean that the majority of the residents would be left for many years to come living in sub-standard accommodation. The Committee considers that this would be unacceptable.
- 3.3 The Committee proposes that the balance of funding required for the redevelopment of both estates should largely be met from the sale of a number of refurbished and redeveloped buildings. The proceeds from the sales will then fund the building works through the four phases at Le Squez, and most of the work at Le Marais.
- 3.4 A number of the new one bedroom flats will be retained for rental both at Le Marais and Le Squez for older tenants who wish to remain in the locality and who would not be in a position to purchase their accommodation.
- 3.5 Existing residents of Le Squez will be given first option to purchase those dwellings which are to be sold. Following this offer, if some dwellings remain unsold, these will be offered to tenants living elsewhere in States' rental accommodation. The same approach will be adopted at Le Marais.
- 3.6 Figures 1 and 2 above show the proposed proportion of sales and rented dwellings once both housing schemes have been completed. However, given the extended time frame for both developments, in a changing housing market, the Committee wishes to remain flexible within a range of between 50 and 70 per cent of completed dwellings for sale.
- 3.7 The sale prices of the new and refurbished homes have yet to be determined but will be offered at a discount of about 10 per cent to First Time Buyer values. For example, at November 2003 prices, the new houses would be priced at £200,000 and the refurbished houses at about £160,000. All dwellings will be restricted to onward sale to First Time Buyers only, and will include the "Belle Vue Clause" in the contracts of the sale. The clause allows the Public of the Island to recover from the vendor an amount in repayment should the house be sold in the first 10 years. The intention is to prevent profiteering by the vendor who will have purchased his property below market value. The formula for reclaiming these monies is graduated with the greatest penalties in the first 2 years.

4. Decant Policy

- 4.1 The Committee has kept residents informed of its proposals by a series of meetings and by visits by community housing officers. The Committee is aware that the main concern for most families is that they remain in their current school catchments area. They also recognise that many individuals rely upon support from other families who have strong local links and other informal networks. Enhancing and supporting these existing local and community links is an important part of the Committee's programme.
- 4.2 All residents will be provided with details containing further information relating to these proposals. This will include a detailed overview of the phasing of the development. Most of the tenants in Phase I of the redevelopment have been relocated and early in 2004, residents in Phase II will be asked to complete forms detailing their housing requirements. The residents who will be decanted from both Le Squez and

Le Marais will take priority over others currently on the transfer list for alternative accommodation.

- 4.3 Preference for the new and refurbished dwellings for rent will be given to estate residents who are unable to purchase. Wherever possible if tenants cannot be re-housed on the new Le Squez estate or Le Marais estate they will be accommodated within the locality, if they have expressed that wish.

5. Stock Management

The Committee currently operates a policy of full occupation of existing stock. Whilst this maximises the use of its stock it requires a very high level of tenant movement. A change in a tenant's circumstances has usually meant that a move is inevitable. In recent times up to one in five of the Committee's tenants have moved each year. Thus every 5 years there can be the equivalent of a complete turnover of the Committee's tenants. This militates against being able to create a sense of community within some of the estates. It is difficult for tenants to give a long term commitment to where they live when relocation regularly forms part of the housing stock management policy.

The prospect of being able to reduce the requirement for relocation by addressing the shortages in the larger three and four bed units will address some of the social problems afflicting existing estates by supporting and enhancing the tenants' sense of community. The redevelopment of the two estates and the rebalancing of the stock in favour of larger units of accommodation will allow more flexibility in the Committee's letting strategy. It will also provide the opportunity to develop the life time home concept with the consequent advantages of allowing the potential for communities and tenant 'ownership' of an area to be created.

6. Tenant Consultation

In October 2002 the Committee held a meeting at Le Squez School for the residents of the estate in order to explain their plans. Shortly after that meeting each resident within Phase 1 of the Le Squez scheme was visited by an officer from the Housing Department with a view to more fully addressing any concerns individual tenants might have and to gather further information. Further tenant consultation exercises and visits by officers are planned in early 2004 for the remainder of Le Squez, and for Le Marais to explain the proposals and respond to the concerns of the residents.

7. Finance

7.1 Le Squez

The capital vote of £4.68 million will be used to commence Le Squez Phase1 with short term bridging finance required to fully fund this phase. The bridging finance will be repaid from the sale of both new and refurbished houses. The proceeds of the sales will then be used to fund the scheme over the full four phases. Further bridging finance will be required during the construction period but the scheme will overall be self financing after the initial capital allocation, as set out below –

Finance Le Squez (October 2003)

	Estimated Gross Cost	Sale Proceeds	Accumulated Surplus (Deficit)
Capital Allocation			4,680,000
Phase 1 A/B	11,500,000	6,220,000	(600,000)

Phase 2	9,010,000	11,620,000	2,610,000
Phase 3	10,649,000	10,140,000	(509,000)
Phase 4	2,944,000	1,540,000	(1,404,000)
Total	34,103,000	29,520,000	

Total cost 34,103,000

Total sale 29,520,000

Net cost 4,583,000.

Subject to sufficient funding being available (from sales) and consultation with other agencies it is proposed to include within either Phases 3 or 4 a residential group home and additional youth/recreation facilities.

Le Marais

This sales and re-investment strategy is also proposed for the redevelopment of part of Le Marais Estate.

In this case as there has been no capital vote of credit at all, bridging finance will be required before the project can start. The amount of funding required from the Housing Development Fund will be determined by actual costs and sale prices. It may be less than the quoted figure in the table below.

Le Marais (May 2003)

	Estimated Gross Cost	Sale Proceeds	HDF	Accumulated Surplus (Deficit)
Phase 1	6,000,000	4,600,000	–	(1,400,000)
Phase 2	4,400,000	2,400,000	2,880,000	(520,000)
Phase 3	3,500,000	4,020,000	–	Nil

8. Manpower Implications

Neutral

9. Financial Implications

The financial implications are as described in the relevant sections above. The Le Squez proposals will have a positive effect in terms of the anticipated reduced expenditure on maintenance over the first 10 years after completion, as well as additional rental income, less subsidy payment. The Le Marais position is slightly different in that any borrowings from the Housing Development Fund will need to be repaid. However as only part of the rental development will need to be funded through the Fund any negative impact will not be significant.

10. Approvals

For each of the individual phases of the redevelopment programme for Le Squez and Le Marais, a specific detailed report and proposition, with drawings, will be brought to the States for their prior approval.

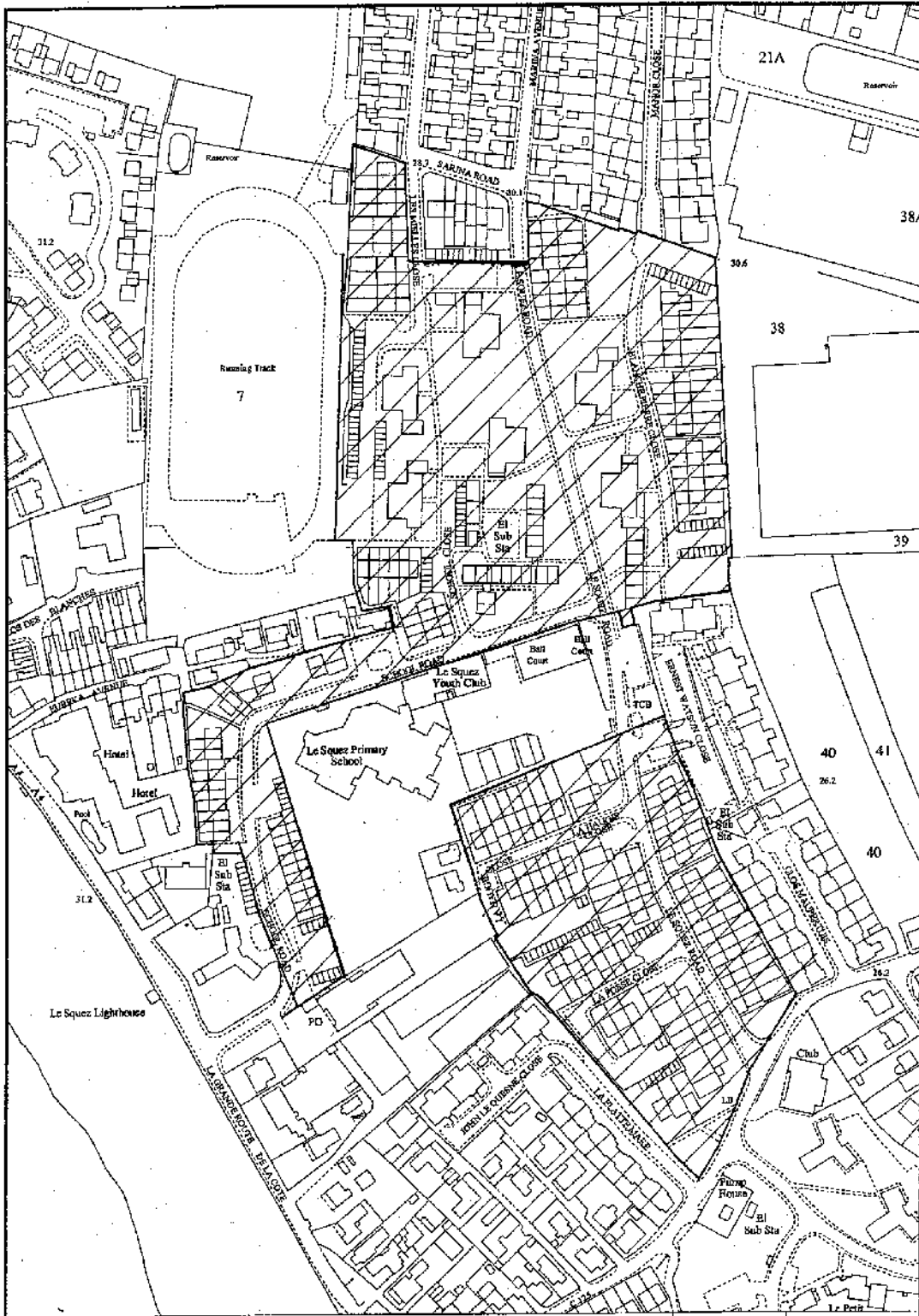
11. Conclusion

The Committee believes that the approach proposed for the redevelopment of Le Squez and Le Marais has significant advantages. The estates will be redeveloped with only a relatively small amount of new States capital expenditure. A significant number of existing States tenants will be given the opportunity to become home owners and achieve independence in meeting their housing needs. Without the discounted prices many would remain States tenants for life.

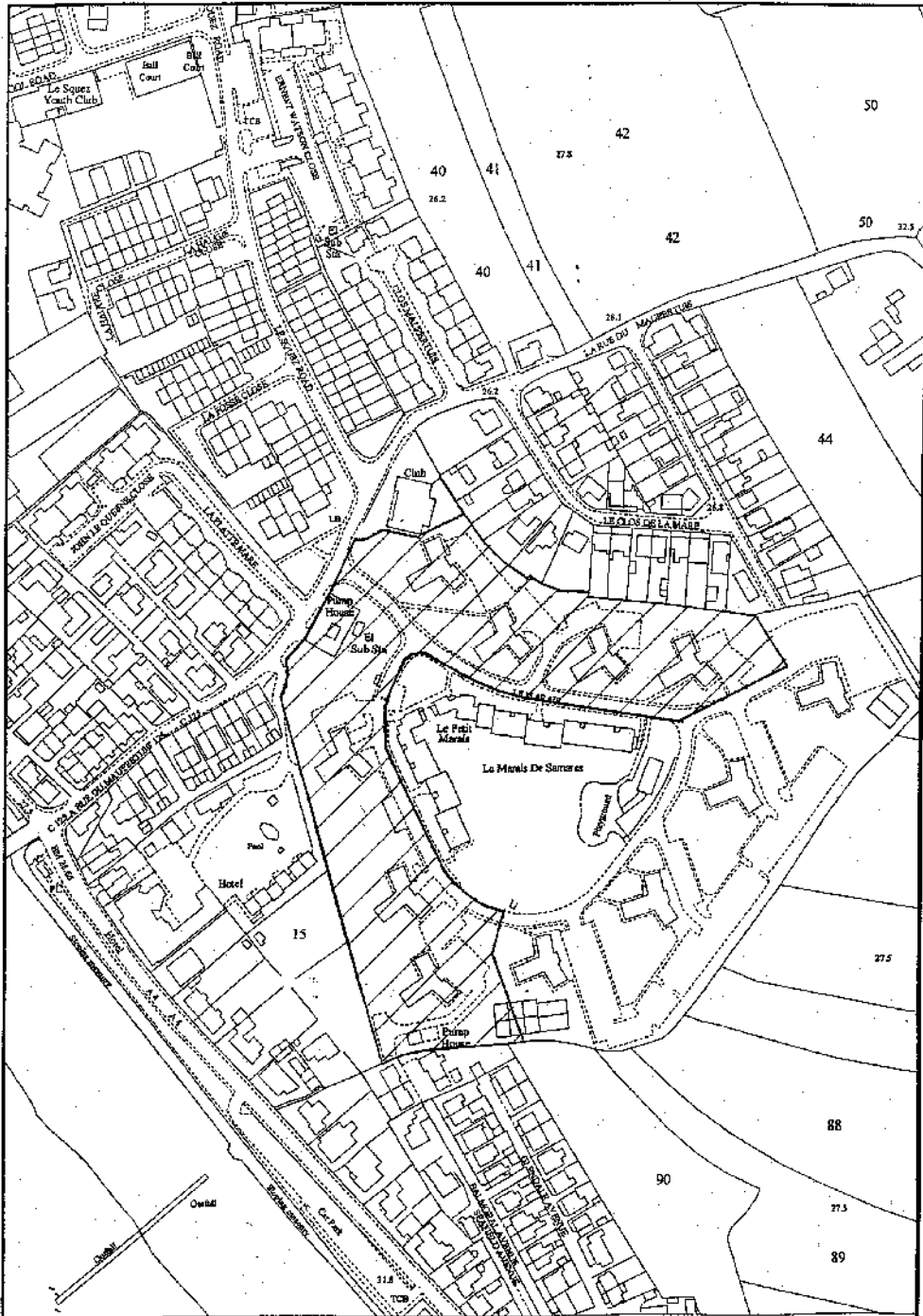
The mix of tenure on the completed developments will bring greater stability and sense of responsibility to the community.


By adopting this proposition, the States will be supporting the redevelopment of these two worn out estates, which have a history of social and economic problems, by recreating new accommodation and encouraging the development of vibrant communities.

The States are asked to support the Housing Committee in its endeavour.



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