

LE CHAMP DES FLEURS, LA RUE A DON, GROUVILLE: SALE TO JERSEY HOMES TRUST

**Lodged au Greffe on 26th September 2000
by the Housing Committee**



STATES OF JERSEY

STATES GREFFE

180

2000

P.166

Price code: B

PROPOSITION

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

to approve the sale of the site known as Le Champ des Fleurs, comprising the sites of the former La Motte Ford Garage, Tremont House and Tremont Villa, La Rue a Don, Grouville, as shown on Drawing No. 30/C, to the Jersey Homes Trust for a nominal sum to be agreed by the Finance and Economics Committee, and otherwise on such terms and conditions as may be agreed by the Housing Committee with the approval of the Finance and Economics Committee -

- (i) for the redevelopment and, with the exception of one three-bedroomed house, for use as social rented housing; and
- (ii) one three-bedroomed house to be offered for sale to Christopher de Veulle Filleul for a sum to be agreed by the Finance and Economics Committee, and otherwise subject to such conditions, including conditions as to future sale as may be agreed by the Housing Committee with the approval of the Finance and Economics Committee, and in the event that Mr Filleul does not exercise the option to buy the property, to be used as social rented housing; and
- (iii) to authorise the Attorney General and the Greffier of the States to pass the necessary contracts on behalf of the States.

HOUSING COMMITTEE

- Notes:
1. The Planning and Environment Committee granted development permission for this scheme under Permit No. 7215/N.
 2. The Finance and Economics Committee supports the sale of the former La Motte Ford garage site, Grouville to the Jersey Homes Trust for the nominal sum of £10. The Committee recognises that the transfer 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 transfer is in accordance with its policy of taking every opportunity to encourage the provision of social housing.

REPORT

Introduction

The La Motte Ford Site, with Tremont House and Tremont Villa, La Rue a Don, Grouville, has long been identified as a housing site which, subject to States approval, would be developed for social rented housing by the Jersey Homes Trust.

The States will recall that during this year they approved the sale of the Postal and Cannon Street sites to the Jersey Homes Trust for the same purpose. Work on the development of the Postal site commenced in August, and tenders have been received for the Cannon Street development with work expected to start on site shortly. The Housing Committee now looks to the States to support the sale of the last of these sites at Le Champ des Fleurs (old La Motte Ford site) so the building of these new homes can start without further delay.

The scheme

The current scheme comprises the development of 17 houses; 13 three-bedroomed houses and four two-bedroomed houses. The scheme has been designed in accordance with the strict requirements of the Planning and Environment Committee to ensure that the development has a minimal impact upon neighbouring properties and, in particular, the marsh to the north-west of the site.

The site has been cleared ready for development; all the necessary enabling works have been completed, including, recently, the diversion of the foul sewer into La Rue a Don. An encroachment (a grass bank) onto the site by a neighbouring property-holder on the north-east boundary is being dealt with.

Members will be aware of the opposition to the development of this site over the years and the many revisions to the scheme that have taken place with successive Housing and Planning Committees. The original feasibility study looked at various options for the development of this site and the number of units ranged from 21 to 27 depending on the site options. However, over the intervening years the scheme has been amended until final agreement was reached for the present scheme of 17 houses.

The marsh

The States will recall that the Connétable of Grouville lodged a proposition on 24th September 1996 (Land at Ville es Renauds, Grouville - P.149/96) the purpose of which was to delete this site from the approved list of Category A housing sites contained in the Island Plan, citing a list of objections. The Planning and Environment Committee's response to that proposition was reported in P.200/96 (Land at Ville es Renauds, Grouville (P.149/96): report). The States rejected the rescindment and the development of the scheme proceeded accordingly.

One of the major causes of concern was the location of this site adjacent to the marsh - although it only borders the marsh on the north-west boundary of the site. The design brief required a two to three-metre wide "buffer zone" to be incorporated along this boundary. This has been designed after consultation with the States Ecologist to prevent any possible transition between the marsh and the gardens of the new houses. This buffer zone will be heavily planted with willow and surrounded by an 1800mm green chain link fence (which will be obscured by vegetation growth) as an additional protection measure. In addition, significant landscaping has been incorporated into the development, including an area of public open space, in an effort to reduce the impact of the development on the neighbouring properties to the north-east of the site.

The Housing Committee believes that it has done everything possible to minimise the impact of the development on the marsh and the neighbouring properties and satisfy the stringent requirements of the Planning and Environment Committee.

Funding

The funding of this project will follow precedent set by other housing trust developments, with the exception of the sale of one three-bedroomed house, as detailed below.

The Jersey Homes Trust will borrow privately 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 therefore there is little prospect of a residual valuation of the land. In addition, a development subsidy from the Housing Development Fund is likely to be required. The attached Debt Redemption Model for this scheme gives an indication of the likely costs of this project. Tenders received indicate the price

will be in this region, subject to final checking and acceptance by the Jersey Homes Trust. As with previous housing schemes of this nature, the detailed financial arrangements will be agreed with the Finance and Economics Committee in accordance with agreed procedures.

Sale of one three-bedroomed house

The site for development comprises three separate purchases made by the Public. The first purchase was complete in 1992 and was effectively the garage site, then leased to La Motte Ford. The other two purchases - Tremont House and Tremont Villa (both now demolished) were completed in 1996.

The assembly of this site took some time to achieve and, in 1994, the States decided that in the event of it not being possible to agree a fair and proper price with owners of Tremont House and Tremont Villa that the Island Development Committee was empowered to acquire the properties by compulsory purchase in accordance with the provisions of the Compulsory Purchase of Land (Procedure) (Jersey) Law 1961, as amended.

The need to acquire these properties by compulsory purchase measures proved unnecessary, but as part of the final agreement to acquire Tremont Villa, it was agreed that the son of the owner would be afforded the option to purchase a three-bedroomed property within the new development.

The Committee has had discussions with the family concerned and they have decided to exercise their right to purchase one of the houses. A three-bedroomed house at the entrance to the site has been designated accordingly.

It is intended that the house would be built as part of the development of the site as a whole, and offered for sale to the son of the previous owner upon practical completion. The Committee has been advised by H.M. Solicitor General that it will be entitled to impose conditions in the conveyance to the Trust requiring it to include in the contract of sale of the house a condition which would restrict any future sale to first-time buyers and/or persons approved by the Housing Committee as being unable to compete on the open market. H.M. Solicitor General has offered to draft the necessary condition affecting this purchase as part of the contract of sale of the site to the Jersey Homes Trust.

The States are asked, when approving the sale of this site to the Jersey Homes Trust, to agree that the son of the original vendor should be offered the option, should he so wish, to purchase house No. 4, subject to the condition already referred to restricting onward sales. That provision relates only to house No. 4 and to persons for whose benefit the previous agreement was made. If he does not exercise the option, the Trust will not be entitled to sell house No. 4 to anyone else, and will not in any circumstances be able to sell any of the other units on the site. The conveyance of the site to the Jersey Homes Trust will create restrictive covenants which will require the site to be used only for social rented housing, and will further provide that should the Trust wish either to sell the land or cease to manage it for the specific purpose of social rented housing, it must in the first instance offer the entire development for sale to the Public of the Island.

The exact financial details of this individual sale will be agreed between the Housing and Finance and Economics Committees in due course. A sale price has been included in the debt redemption model for guidance purposes only.

Housing Trusts

The States will recall from recent propositions brought before it for the sale of the Postal site and the Cannon Street site, of the legal and contractual arrangements which are now in place, pending the introduction of new legislation to protect the interests of tenants, trustees and the States where housing trusts are involved in the provision of social rented housing.

The Housing Committee has circulated to interested parties a consultation document on the proposed legislative framework. Members will note from their 2000 Resource Plan that housing trust law and subordinate legislation is in the recommended Legislation Programme for 2001.

Furthermore, the Committee has reported previously on the signed legal agreement between the Committee and the Jersey Homes Trust, which covers such matters as maximum rents, nomination rights, tenant consultation and the repayment of surpluses. This agreement will equally apply to the housing development at Le Champ des Fleurs.

Conclusion

The Housing Committee and the Jersey Homes Trust are keen to proceed with the development of this site. The Committee believes that the current scheme answers the many questions that have been raised in the past about the development of this site for housing. The new houses will provide much needed family sized accommodation.

The Committee looks to the States to support its proposition accordingly.

NAME OF SCHEME: LA MOTTE FORD SITE, GROUVILLE

Rental projections

<i>Type of units</i>	<i>Number of units</i>	<i>Initial fair rents £</i>	<i>Annual rental income £</i>
three-bed houses	12	187	116,688
two-bed houses	4	172	35,776
Totals:	16		152,464

Capital investment

Total development costs	3,121,497
Sale of one three-bedroomed house	(198,000)
Development subsidy	(86,000)
Total	2,837,497

Parameters

Housing Association interest rate	4.00%
Housing Committee interest rate	4.00%
Overall interest rate	8.00%
Annual inflation rate	3.50%

<i>Expenses as a percentage of rentals</i>	
Agents' fees	5.00%
Service charges	3.00%
Maintenance	7.00%
Voids	3.00%
Total	18.00%

<i>Year</i>	<i>Rentals £</i>	<i>Interest £</i>	<i>Expenses £</i>	<i>Net income £</i>	<i>Loan balance £</i>	<i>States subsidy £</i>
1	152,464	113,500	27,444	11,521	2,825,976	113,500
2	157,800	113,039	28,404	16,357	2,809,619	113,039
3	163,323	112,385	29,398	21,540	2,788,079	112,385
4	169,040	111,523	30,427	27,089	2,760,990	111,523
5	174,956	110,440	31,492	33,024	2,727,965	110,440
6	181,079	109,119	32,594	39,366	2,688,599	109,119
7	187,417	107,544	33,735	46,138	2,642,461	107,544
8	193,977	105,698	34,916	53,363	2,589,098	105,698
9	200,766	103,564	36,138	61,064	2,528,034	103,564
10	207,793	101,121	37,403	69,269	2,458,765	101,121
11	215,066	98,351	38,712	78,003	2,380,762	98,351
12	222,593	95,230	40,067	87,296	2,293,467	95,230
13	230,384	91,739	41,469	97,176	2,196,291	91,739
14	238,447	87,852	42,920	107,675	2,088,616	87,852
15	246,793	83,545	44,423	118,825	1,969,790	83,545
16	255,430	78,792	45,977	130,661	1,839,129	78,792

17	264,370	73,565	47,587	143,219	1,695,911	73,565
18	273,623	67,836	49,252	156,535	1,539,376	67,836
19	283,200	61,575	50,976	170,649	1,368,727	61,575
20	293,112	54,749	52,760	185,603	1,183,124	54,749
21	303,371	47,325	54,607	201,439	981,684	47,325
22	313,989	39,267	56,518	218,204	763,481	39,267
23	324,979	30,539	58,496	235,943	527,537	30,539
24	336,353	21,101	60,544	254,708	272,829	21,101
25	348,125	10,913	62,663	274,550	(1,721)	10,913

Initial rental as a percentage capital invested	5.37%	Total States subsidy	2,030,312
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