

STATES OF JERSEY

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BAS DU MONT FLATS, PIER ROAD, ST. HELIER: SALE TO THE CHRISTIANS TOGETHER IN JERSEY (CTJ) HOUSING TRUST

Lodged au Greffe on 30th September 2003
by the Housing Committee

STATES GREFFE

PROPOSITION

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

- (a) to approve the sale of the property known as Bas du Mont Flats, Pier Road, St. Helier, to the Christians Together in Jersey Housing Trust for a sum to be agreed by the Finance and Economics Committee, and otherwise on such terms and conditions as may be agreed by the Finance and Economics Committee with the approval of the Housing Committee –

for the refurbishment of this site, to provide 3 x onebedroom, 4 x 2bedroom and 9 x 3 bedroom flats for social rented accommodation, with associated amenity space;
- (b) to authorise the Attorney General and the Greffier of the States to pass the necessary contracts on behalf of the public;
- (c) to authorise the Treasurer of the States to receive the agreed sum when it becomes due.

HOUSING COMMITTEE

- Notes:
- 1. A planning application has been submitted to the Environment and Public Services Committee.
 - 2. The Finance and Economics Committee supports the proposition.

REPORT

Introduction

Bas du Mont Flats, Pier Road, St. Helier were constructed by the Housing Committee in 1952 for social rented housing.

Bas du Mont consists of 16 units of accommodation (one x onebedroom, 4 x 2bedroom and 11 x 3bedroom flats). At present 3 flats remain occupied and vacant possession of the entire building is expected at the end of July 2003.

The Housing Committee commissioned Godel Architects to prepare a Feasibility Study for the various options for the redevelopment of this site. The proposed design is an extensive refurbishment of the existing building that focussed on upgrading the existing building fabric with minor internal alterations to ensure that the building meets current standards. A replacement heating system, double-glazed windows, an insulated roofing system, external cladding, internal sound insulation, new bathrooms and kitchens and improved mechanical and electrical systems are included within the works.

This refurbishment will provide 3 x onebedroom, 4 x 2bedroom and 9 x 3bedroom flats. Residents will enjoy the benefit of an open amenity space to the rear of the building.

The Property Services Department is currently negotiating the extinguishment of part of a vehicular and pedestrian right of way over Vine Lane, to the rear of the flats, to the benefit of the scheme.

In order that the existing building may be externally clad the Housing Committee requested that a strip of land forming part of the footpath on Pier Road be transferred to its administration from the Environment and Public Services Committee. The appropriate Report and Proposition was brought to the States for their approval and adopted on 9th September 2003 (P.112/2003).

Christians Together in Jersey (CTJ) Housing Trust

The CTJ Housing Trust is an association incorporated under the provisions of the Loi (1862) sur les teneures en fidéicommiss et l'incorporation d'associations for the purpose of providing residential accommodation to persons in need.

The Trust presently administers 3 units of social rented accommodation, Nos. 8, 12 and 12A Lemprière Street St. Helier.

The Trust is keen to expand its portfolio of properties and assist in the provision of social rented accommodation for those persons in the greatest housing need. It is hoped, therefore, that the sale of Bas du Mont will be one of a number of housing sites which the Trust will develop.

The States will be aware, given its approval of previous propositions, that local housing trusts are obliged to sign a legally binding agreement with the Housing Committee in respect of loan subsidy arrangements, maximum rents, nomination rights, tenant consultation and the processing of financial surpluses, in advance of a new law on the regulation of Housing Trusts. The CTJ Housing Trust signed the said interim agreement with the Committee in April 2001.

Furthermore, the contract of sale will include previously agreed clauses which restrict the future use of the site for social rented accommodation and place restrictions on the onward sale of the property.

Funding

The funding for this project will follow the precedent set by other housing trust developments. The CTJ Housing Trust will borrow the capital funds from its bank, to be repaid over a maximum period of 25 years, subject to the necessary Letters of Comfort being issued by the Finance and Economics and Housing Committees. An interest

subsidy will be paid by the States to the Trust on any interest paid above 4% over the period of the loan.

The intention is to sell the site for a sum to be agreed, as the anticipated rental income stream will exceed the full development costs of the project. A copy of a Debt Redemption Model is attached to this Proposition, which gives an indication of the costs of this project. It is for guidance purpose only. Final costings will not be known until the detailed development design has been completed and tenders received. The detailed financial arrangements are subject to the final approval of the Finance and Economics Committee. The Housing Development Fund will fund any interest and capital development subsidies.

Conclusion

It is evident that States funding for this and other new housing developments is not available given the enormous pressures on the capital fund. Housing Trusts have been successful in providing social rented accommodation in the past and this method of procurement is tried and tested and has been supported by the States. It is worth noting that by the end of 2003 over 860 families and individuals will be tenants of local housing trusts.

This proposition, if approved, will not have any manpower implications for the Housing Committee, but will affect its revenue budget with regard to the payment of rent rebate in the sum of approximately £74,000 per annum.

Re-issue note

This projet has been re-issued because the debt redemption model now attached at the Appendix was omitted from the original version.

Name of Scheme: Bas du Mont

Rental Projections

<i>Type of Units</i>	<i>Number of Units</i>	<i>Initial Fair Rents £</i>	<i>Annual Rental Income £</i>
3 Bed Flats	9	194	90,792
2 Bed Flats	4	172	35,776
1 Bed Flat	3	131	20,436
Totals	16		147,004

Capital Investment

	£
Contract Works	1,886,700
Inflation (4% p.a.)	167,559
Fees (@ 15%)	308,139
Relocation Costs	20,000
Legal Costs	5,000
Finance Costs	35,554
CTJ Contribution to land value	314,000
Total	2,736,952

Balancing figure £19,625 Per Unit

Parameters

Investment Fund Interest Rate	4.00%
Capital Fund Interest Rate	Variable
Overall Interest Rate	
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> £	<i>Base Rate +0.75%</i>
2004	147,004	109,478	26,461	11,065	2,725,887	27,259	5.00%
2005	152,149	109,035	27,387	15,727	2,710,160	33,877	5.25%
2006	157,474	108,406	28,345	20,723	2,689,438	40,342	5.50%
2007	162,986	107,578	29,337	26,071	2,663,367	46,609	5.75%
2008	168,690	106,535	30,364	31,792	2,631,575	46,053	5.75%
2009	174,595	105,263	31,427	37,905	2,593,671	45,389	5.75%
2010	180,705	103,747	32,527	44,432	2,549,239	44,612	5.75%
2011	187,030	101,970	33,665	51,395	2,497,844	49,957	6.00%
2012	193,576	99,914	34,844	58,819	2,439,025	54,878	6.25%
2013	200,351	97,561	36,063	66,727	2,372,298	59,307	6.50%
2014	207,364	94,892	37,325	75,146	2,297,152	63,172	6.75%
2015	214,621	91,886	38,632	84,103	2,213,048	60,859	6.75%
2016	222,133	88,522	39,984	93,627	2,119,421	58,284	6.75%
2017	229,908	84,777	41,383	103,748	2,015,674	55,431	6.75%
2018	237,955	80,627	42,832	114,496	1,901,178	57,035	7.00%
2019	246,283	76,047	44,331	125,905	1,775,273	57,696	7.25%
2020	254,903	71,011	45,883	138,009	1,637,264	57,304	7.50%
2021	263,824	65,491	47,488	150,846	1,486,418	55,741	7.75%
2022	273,058	59,457	49,151	164,451	1,321,967	49,574	7.75%
2023	282,615	52,879	50,871	178,866	1,143,101	42,866	7.75%
2024	292,507	45,724	52,651	194,132	948,969	35,586	7.75%
2025	302,745	37,959	54,494	210,292	738,677	27,700	7.75%
2026	313,341	29,547	56,401	227,392	511,285	19,173	7.75%
2027	324,308	20,451	58,375	245,481	265,804	9,968	7.75%
2028	335,658	10,632	60,419	264,608	1,197	45	7.75%

Initial Rental as a percentage Capital Invested	5.37%	Total States Subsidy	1,098,717
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