

STATES OF JERSEY

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LE COIE HOTEL SITE, JANVRIN ROAD/ SPRINGFIELD ROAD, ST. HELIER: APPROVAL OF DRAWINGS AND SALE OF UNITS

**Lodged au Greffe on 18th November 2003
by the Housing Committee**

STATES GREFFE

PROPOSITION

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

- (a) to approve drawings Nos. 1607/252A, 254-275, 280B-317B and 350-359 showing the redevelopment of the Le Coie Hotel site, Janvrin Road/Springfield Road, St. Helier, to construct 49 one-bedroomed and 46 two-bedroomed flats, together with a group home, a community centre and a child care facility;
- (b) to request the Greffier of the States to sign the said drawings on behalf of the States;
- (c) to approve the sale by the Public to the Jersey Homes Trust of the completed development, for such price, and otherwise on such terms and conditions, as shall be agreed by the Housing Committee and the Finance and Economics Committee;
- (d) 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 Environment and Public Services Committee granted planning permission on 21st March 2003 – Application No. P/2002/0664.
 - 2. The Finance and Economics Committee is of the opinion that the total cost of the scheme is expensive with an estimated equivalent total outturn cost of £232,000 per unit. This is partly the result of the policy to develop brown field sites for social rented housing. The Committee, in conjunction with the Housing Committee, is reappraising the need for further social housing development on brown field sites.

Although there has been a significant increase in the supply of housing in both the public and private sectors, the Committee accepts the view of the Housing Committee that there is a need for additional one and two-bedroom social rented housing units.

There are considerable costs that have been expended to date on the Le Coie scheme. If the scheme were not progressed these abortive costs would equate to at least £25,000 per unit. For the reasons of need for further one and two bedroom units and the costs associated with not proceeding with the development, the Finance and Economics Committee supports the proposition.

The Committee will make the bridging finance available for the development of the Le Coie site from the Housing Development Fund on the understanding that the Jersey Homes Trust will purchase the development on completion.

The Committee will provide a maximum of £11.7 million from the Housing Development Fund to finance the development subsidy required by the Jersey Homes Trust and notes that interest subsidy is estimated to total approximately £2 million over the 21-year repayment period.

The Committee accepts that the provision of additional social rented housing will increase rent rebate costs and that this may form a revenue growth bid to the Fundamental Spending Review from the Housing Committee in the future.

REPORT

The Scheme

The Housing Committee, with the support of the Jersey Homes Trust, is proposing to develop the Le Coie Hotel site. The scheme will comprise a mix of 49 one-bedroomed and 46 two-bedroomed social rented flats, together with a group home, which will be leased by the Jersey Homes Trust to the Health and Social Services Committee. A similar arrangement exists for the group home at Victoria Place, West of Albert Pier, St. Helier. The scheme includes a community centre and a child care facility on site. The child care facility will be leased to "The Spring Trust". The project will incorporate children and teenage play areas, soft and hard landscaping, together with tenant stores and surface car parking for residents. The scheme has been designed to ensure full access for the physically disabled.

The site is ready for development. All enabling works have been completed, including necessary work to the Town Brook, which crosses part of the site.

Invitations to tender will be sought during November 2003, with a projected start time on site in early 2004.

The Spring Trust

The Spring Trust was formed in 2001 to provide affordable, high-quality after school and holiday care for children of working parents. The Trust is a charitable organisation. The Trust currently operates 20 breakfast club places, 90 after school places and 170 holiday places.

The Jersey Homes Trust

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

The Trust is a major provider of social rented accommodation in the Island, with recent housing completions at; Victoria Place on the Waterfront, Parkside in Pierson Road, and John Wesley Apartments in Cannon Street. In addition, the Trust is expecting to be involved in the development of social housing on a number of the sites which were rezoned in the 2002 Island Plan.

The contract of sale for the Le Coie development will be drawn up upon completion and will include the previously agreed clauses which restrict the future use of the site for social rented accommodation and place restrictions upon the onward sale of the property.

Funding – the Public

The funding for this project will differ marginally from previous housing trust schemes, in that the Housing Committee will undertake the project development, with agreement to sell the completed units to the Jersey Homes Trust. This method of procurement is similar to that adopted for the development of the social rented and first-time buyer housing accommodation, west of Albert Pier – Victoria Place and Albert Place.

The Finance and Economics Committee has agreed that the Housing Development Fund will be used to advance the funding to complete the development. The Jersey Homes Trust has confirmed that, subject to securing independent finance, it will purchase the completed development for a sum to be agreed with the Finance and Economics Committee.

Funding – the Trust

The Jersey Homes Trust will borrow the capital funding from the private sector, to be repaid over a maximum period of twenty-one 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 Housing Development Fund will fund any interest and capital development subsidies.

The estimated cost of the development, including all enabling works, land purchase and inflation until completion of the project in 2006 is in the region of £23.7 million. It is anticipated that a capital development subsidy will be required in addition to the cost of the site, but final costs will not be known until tenders have been received and the development has been completed. The detailed financial arrangements are subject to the final approval of the Finance and Economics Committee.

Conclusion

This site, together with a number of other commercial urban sites, was purchased by the Public with the purpose of providing social rented accommodation. That housing need still remains. However, it will be evident to Members that States' capital funding for this and other similar housing developments is not readily available, given the enormous demands on the public purse.

The Housing Committee has a unique opportunity to achieve its aims by supporting local housing trusts which have access to private sector funding. Housing trusts have been very successful in providing social rented accommodation in the recent years and they remain committed to that objective.

The proposition will not have any manpower implications for the Committee, if approved. However, it will affect its revenue budget with regard to the payment of rebate on some, or all of the new units, estimated to be in the sum of £415,000 per annum from 2007.