# 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

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**Lodged au Greffe on 25th November 2003**
**by the Housing Committee**

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**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 the initial nominal sum of £10.00, 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 one x one-bedroom, 6 x 2-bedroom 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 of the Island;

(c) to authorise the Treasurer of the States to receive the agreed sum when it becomes due.

HOUSING COMMITTEE

Notes: 1. The Environment and Public Services Committee granted planning permission on 22nd September 2003 under Permit No. P/2003/1658.

2. The Finance and Economics Committee supports the sale of the freehold of Bas du Mont, Pier Road to the Christians Together in Jersey Homes Trust for the initial nominal sum of £10.00. The Committee recognises that the contribution to the land value to be paid by the Trust to the States will be determined by the actual costs and rents chargeable on completion of the project. The Committee further believes that the transfer is in accordance with its policy to encourage the private sector to engage in the provision of social housing.

# 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 with external amenity space. There is no parking. The flats are now empty, with the previous tenants having been moved to alternative social rented accommodation.

The Housing Committee commissioned Godel Architects to undertake a Feasibility Study to investigate various options for the redevelopment of this site.

The recommended design proposes an extensive refurbishment of the existing building, which is structurally sound. The work will focus on upgrading the existing building fabric to ensure that the building meets current space and insulation 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. New tenant stores and improvements to the external areas (to the rear of the flats) will be undertaken. The building will be externally clad.

## 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 fidéicommis 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. The Housing Committee recently approved the draft Housing Association (Jersey) Law 200-, and would hope to be in a position to lodge the draft Law early in 2004.

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 at an initial nominal sum, but as the anticipated rental income stream is likely to exceed the full development costs of the project it is anticipated that the Trust will be in a position to pay a greater sum for the land (building). 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 subsidy.

**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 any private sector rent rebate in the sum of approximately £75,500 per annum.

**<u>Name of Scheme:</u>** <u>Bas du Mont</u>

**<u>Rental Projections</u>**

| Type of Units | Number of Units | Initial Fair Rents £ | Annual Rental Income £ |
|---|---|---|---|
| 3 Bed Flats | 9 | 194 | 90,792 |
| 2 Bed Flats | 6 | 172 | 53,664 |
| 1 Bed Flats | 1 | 131 | 6,812 |
| Totals | 16 | | 151,268 |

**<u>Capital Investment</u>**

| | £ |
|---|---|
| Contract Works and Fees | 2,619,317 |
| Finance and Legal Costs | 43,064 |
| CTJ Contribution to land value (estimate) | 154,000 |
| Total | 2,816,381 |

**<u>Parameters</u>**

| | |
|---|---|
| Investment Fund Interest Rate | 4.00% |
| Capital Fund Interest Rate | Variable |
| Overall Interest Rate | |
| Annual Inflation Rate | 3.50% |

| Expenses as a Percentage of Rentals | |
|---|---|
| Agents' Fees | 5.00% |
| Service Charges | 3.00% |
| Maintenance | 7.00% |
| Voids | 3.00% |
| Total | 18.00% |

| Year | Rentals<br>£ | Interest<br>£ | Expenses<br>£ | Net Income<br>£ | Loan Balance<br>£ |
|---|---|---|---|---|---|
| 2004 | 151,268 | 112,655 | 27,228 | 11,385 | 2,804,996 |
| 2005 | 156,562 | 112,200 | 28,181 | 16,181 | 2,788,815 |
| 2006 | 162,042 | 111,553 | 29,168 | 21,322 | 2,767,493 |
| 2007 | 167,714 | 110,700 | 30,188 | 26,825 | 2,740,668 |
| 2008 | 173,584 | 109,627 | 31,245 | 32,712 | 2,707,956 |
| 2009 | 179,659 | 108,318 | 32,339 | 39,002 | 2,668,954 |
| 2010 | 185,947 | 106,758 | 33,470 | 45,718 | 2,623,236 |
| 2011 | 192,455 | 104,929 | 34,642 | 52,884 | 2,570,352 |
| 2012 | 199,191 | 102,814 | 35,854 | 60,523 | 2,509,829 |
| 2013 | 206,163 | 100,393 | 37,109 | 68,660 | 2,441,169 |
| 2014 | 213,378 | 97,647 | 38,408 | 77,324 | 2,363,845 |
| 2015 | 220,847 | 94,554 | 39,752 | 86,540 | 2,277,305 |
| 2016 | 228,576 | 91,092 | 41,144 | 96,340 | 2,180,965 |
| 2017 | 236,577 | 87,239 | 42,584 | 106,754 | 2,074,210 |
| 2018 | 244,857 | 82,968 | 44,074 | 117,814 | 1,956,396 |
| 2019 | 253,427 | 78,256 | 45,617 | 129,554 | 1,826,842 |
| 2020 | 262,297 | 73,074 | 47,213 | 142,010 | 1,684,833 |
| 2021 | 271,477 | 67,393 | 48,866 | 155,218 | 1,529,615 |
| 2022 | 280,979 | 61,185 | 50,576 | 169,218 | 1,360,397 |
| 2023 | 290,813 | 54,416 | 52,346 | 184,051 | 1,176,346 |
| 2024 | 300,991 | 47,054 | 54,178 | 199,759 | 976,587 |
| 2025 | 311,526 | 39,063 | 56,075 | 216,388 | 760,199 |
| 2026 | 322,429 | 30,408 | 58,037 | 233,984 | 526,215 |
| 2027 | 333,715 | 21,049 | 60,069 | 252,597 | 273,618 |
| 2028 | 345,395 | 10,945 | 62,171 | 272,279 | 1,339 |

**Re-issue Note**

This Report and Proposition has been re-issued as the data originally supplied by the Housing Department for the Appendix was incorrect.