

To approve a recommendation of the Connétable and the Procureurs du Bien Public that the parish acts as facilitator for 6 properties at Uplands Drive, Mont-a-l'Abbé in a homebuy-type scheme, and to approve the setting up of a ring-fenced trust fund to enable the Parish to provide affordable housing for Parishioners

**For consideration by the Parish Assembly
on 27 July 2011**

PARISH of St. HELIER

P.02/2011



PROPOSITION

THE PARISHIONERS are asked to take into consideration and if deemed advisable to approve a recommendation of the Connétable and the Procureurs du Bien Public that the parish acts as facilitator for 6 properties at Uplands Drive, Mont-a-l'Abbé in a homebuy-type scheme, and to approve the setting up of a ring-fenced trust fund to enable the Parish to provide affordable housing for Parishioners

HISTORY

1 In 2008 the States approved the principle of a housing scheme known as Jersey Homebuy to enable houses to be sold to qualifying first time local buyers. The basis of the transaction is that the developer sells at 65% of the property value to a facilitator (i.e. the Public, Parish or other not-for-profit-body) which then sells to the prospective home owner for the full market price, but on the basis that 35% of the value is documented as a loan, or deferred payment, registered as a second charge against the property, and payable to the facilitator when or if the property should be sold.

2 The Uplands scheme involves the development of 14 three-bedroomed family homes. Eight were sold as plots (with a building agreement) to first time buyers. Six were designated in the Planning Permit as being for sale under the Jersey Homebuy Scheme, meaning that they could only be sold once building was complete. This was confirmed in the Planning Obligation Agreement registered with the Royal Court in November 2009 to which the Planning and Housing Ministers, the former site owner, and S.A.M. Homes Limited (the Developer) were party. Therefore both Planning and Housing were heavily involved in the original agreement and agreed to go ahead with the scheme.

3 S.A.M. Homes Limited worked on the reasonable assumption that the scheme would be implemented on a similar basis to La Providence, with the Public acting as facilitator. It transpired late in 2010 that this would not be the case due to political issues which resulted in the Public / Housing Department declining to act as facilitator. The Jersey Homes Trust was then approached and was very keen to participate. Unfortunately its constitution needed to be updated to set out the basis on which it would be involved in the scheme and Housing declined to assist in approving or reviewing its revised constitution. The Parish was therefore approached as being a suitable not-for-profit body with no constitution to amend.

4 The Planning Minister has been asked to assist in resolving this impasse and clarifying what can be done with these properties. The Planning Department has been informed of the intention of the developer and the Parish to assist with these sales and they have been invited to raise any objection – no further comment has been received.

5 The six houses were completed in November 2010 and have stood empty since that time. A list of 30 potential purchasers was drawn up with the intention of their names going into a ballot to select the six families to whom the properties will be offered under the scheme. The developer and their agents have been receiving constant enquiries from

the 30 families whose lives have been ‘in limbo’ due to the delay in resolving the question of which families, if any, will be allocated these six homes.

6 The properties themselves were subject to a valuation procedure with Housing and allocated a market value of £425,000 each. On the 35 % reduction basis the sum chargeable by the development is £276,250 per property. On the date of sale the intermediary (the Parish) will receive £276,250 from the purchaser and will pay the builder £276,250 per property. The properties will be sold to the six Homebuy parties, selected by ballot, for £425,000. The difference between the amount paid (£276,250) and the sale price (£425,000) will be documented as a loan in favour of the Parish.

7 All of the Parish's legal fees will be paid by the developer, so there is no financial commitment from the Parish, nor any risk, as no Parish funds will be involved in the transaction.

8 Under the terms of this arrangement if the property is sold in the future, the owner has to repay the loan, or deferred payment, of £148,750 plus interest, to the Parish. The documentation further includes provision that any uplift in the value on the sale of the property is shared between the homeowner and the facilitator on an agreed basis (likely to be 65% to 35%, i.e. on the same basis as the original agreement.)

9 The Constable and Procureurs du Bien Public have considered the request for the Parish to become the facilitator for these six homes in the Parish and has also discussed the proposal with the Parish Deputies. While some concerns have been raised that it would have been preferable if the properties could have been allocated to six residents of St Helier, it is considered unfair to impose such a condition retrospectively on the 30 families who have put their names down to be considered for the scheme. It is felt that the Parish should act as facilitator to allow for the release of these homes, as there is no immediate alternative available to the developer, nor any sign that the States will adopt a revised Homebuy scheme in the near future.

10 The Parish is grateful to Deputy Ben Fox for his suggestion that a ring-fenced Trust Fund should be established at the same time as the facilitation of the sale of these properties is put to Parishioners for approval. In the longer term this fund would be the recipient of any proceeds arising from the sale of the six properties, not only the loan or deferred payment of £148,750 each, plus interest, but also a proportion of the uplift in value as referred to above.

11 However, in the short term the creation of this Trust Fund for the provision of affordable housing for Parishioners would enable the Parish to receive bequests and other gifts, as well as transfers from the Parish's own building reserves if that is the wish of Parishioners at future Parish Rates Assemblies. The Parish would, therefore, be able to emulate those other Parishes which are involved in the creation of affordable homes and sheltered housing schemes for their residents, often taking advantage of land offered by generous owners wishing to see such homes provided.

The site plan of the 6 houses is shown overleaf.

