

**WRITTEN QUESTION TO THE MINISTER FOR HOUSING  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

**ANSWER TO BE TABLED ON TUESDAY 28th MARCH 2006**

**Question**

In part (b) of his answer to my question on Le Coie funding on 14th March 2006, the Minister suggested that rent rebate for the 95 flats “*could not be forecast*”. Would the Minister inform members –

- (a) why the estimate for rent rebate on the site was stated as £415,000 per annum by the then President of the Housing Committee in P.161/2003?
- (b) what the total estimated cost in terms of capital expenditure, interest subsidy and rent rebate expenditure of this project to the public will be over the 21 year period of the purchase of this project by the Jersey Homes Trust?

**Answer**

(a) In P.161/2003, the figure of £415,000 per annum for rent rebate was an 'estimate' based on the likely number of claimants of rent rebate on completion of the site, some three years later. Fair rents for social housing have not increased for two years. This will affect the level of rebate to be paid. The development will be completed in July 2006 and, therefore, a precise figure for rent rebate will be available shortly.

(b) In respect of capital expenditure, this is currently as follows:

- Site Cost £4,200,000
- Demolition £319,902
- Brook £98,557
- Main Contract £12,798,318
- Fees £837,249
- Other Costs £418,439 (feasibility studies, specialist sub-contractors)

Total                      £18,672,465

A final figure will be produced when the project is completed

In respect of the interest subsidy:

The Jersey Homes Trust (JHT) will fund the purchase by commercial loan. The States, through the Housing Development Fund, will meet the Trust's interest charges above 4%. As the loan is based on a margin above base rates, the cost to the States will vary as base rates move. At the current base rate of 4.5%, the annual States interest subsidy will be some £152,000 in the first year, reducing as the outstanding loan balance diminishes, giving a total sum in the order of £2 million over the 21 year period. Allowing for a reduction in the time value of money over the 21 year period at a rate of 3% per annum, the net present value of the estimated interest subsidy is some £1.63 million.

In respect of rent rebate:

Any rent rebate payable will depend on the individual circumstances of the tenants. The cost will be the same whether realised as rent rebate payments or foregone rent abatement, if the property were retained by the States. The introduction of the Income Support Scheme in 2007 will see the distinction between rent rebate and rent abatement disappear.