

STATES OF JERSEY



DRAFT HOUSING (GENERAL PROVISIONS) (AMENDMENT No. 26) (JERSEY) REGULATIONS 200-

**Lodged au Greffe on 31st March 2009
by the Minister for Housing**

STATES GREFFE



Jersey

DRAFT HOUSING (GENERAL PROVISIONS) (AMENDMENT No. 26) (JERSEY) REGULATIONS 200-

REPORT

1. Regulation 1(1)(f)

Brief history

Until 1980, “non native” residents were entitled by virtue of length of residence of 10 years to gain access to the controlled housing sector. In 1980 that right was removed as a means of curbing immigration and the consequent demand on the housing stock. In 1995 the inequality of permanent residents with no housing rights was recognised by the States, and a 20 year qualifying period was re-established, to be effective from 2000.

Soon after this 20 year period had become effective it was generally recognised as being too long, and the Housing Committee commenced, in 2001, a series of proposals to gradually reduce the period to 15 years, which was achieved by 2003.

As part of the Migration Policy, P.25/2005, the States agreed that as a matter of policy the period should be further reduced as soon as practical to 10 years. By early 2007 this period had been reduced in yearly *tranches* to 12 years.

Current situation

In view of the time that has elapsed since the last qualifying reduction, the Minister for Housing has taken the view that it was now appropriate for consideration to be given to reducing this period further.

The table below outlines the effects on the housing market of previous reductions. It is accepted that these figures relate to more “normal” market conditions than those that currently prevail, but certain assumptions can be made from them.

Year	Non Jersey Born Numbers Qualified	Numbers who Qualified "early" due to 1 year reduction	Number Transacted (Purchased or Leased)	Number Purchased (Freehold and Share Transfer)	Number Leased with Housing Trust	Number Accepted into States Rental
2006	474	284	278	98	26	29
2007	790	375	389	125	21	26
2008	572	–	171	50	2	17
Total	1,836	659	838	273	49	72

Following previous reductions to the qualifying period in both 2006 and 2007, it is estimated that only 3% of all purchase consents that were subsequently issued were to persons who had taken advantage of the one year earlier qualification.

In the current economic climate, the effect of any reduction is slightly less certain than has been experienced following previous reductions. The official Bank Rate has fallen to an unprecedented low level, mortgage rates have fallen to as low as 3% for some borrowers and are harder to obtain, and the latest House Price Index reflects a slight downturn on turnover and prices. It is therefore more difficult to provide finite evidence of what effect a change now would have on the market, but this situation is unlikely to become any clearer in the foreseeable future.

As an indicator of current market trends, the following is a comparison of numbers of applications processed by the Population Office –

	Purchase	Share Transfer	Lease
1st January 2008 – 24th March 2008	386	106	509
1st January 2009 – 24th March 2009	264	58	527

Advice from the Economic Advisor has been that house prices are primarily a function of general economic/financial conditions, and that changes in new qualifiers arising from incremental changes in the qualification period have little, if no, impact on prices. This is particularly true in the present economic climate, where it is reasonable to conclude that the already limited propensity to purchase of new qualifiers will be lower than it has been in the past, given that prices have risen substantially over the last 2 years, i.e. affordability has declined, and mortgage finance is substantially more limited than in the recent past.

Discussion

As stated above, the last reduction to 12 years was approved in April 2007, nearly 2 years ago, therefore a review now is timely. The Minister has, in effect, 3 options –

- (a) do nothing and maintain the 12 year qualifying period;
- (b) reduce the period by one year to 11 years; or
- (c) reduce the period to 10 years.

The Minister has decided to seek the States' approval for a reduction now to 11 years.

Although taking into account the slight uncertainty of the effect on the housing market in these changing times, the Minister is swayed by the fact that this decision continues achieving equity and fairness as espoused in P.25/2005, a strong theme that is being currently progressed in the development of the Migration Policy.

The relative certainty that prevailed when proposing previous reductions on any effect to the market that such a decision would have is now not so clear, but taking into account the Economic Advisor's view and anecdotal evidence from housing practitioners the effect is expected to be minimal.

The Minister accepted that the 'do nothing' option is the less risky one, but that does nothing to further the aims of the Migration Policy of equity and fairness which is reflected in all other aspects of the proposed new laws which will be presented to the States during 2009. It is very unlikely that delaying a decision, for example to the end of 2009, will enable any further evidence being available which would provide greater certainty as to the impact this decision would have.

The effect of this one year reduction, if approved, will be carefully monitored and will inform the timescale for the final step to achieve the stated aim agreed with the approval of P.25/2005 of a 10 year qualifying period. It is hoped that this would be able to be achieved during 2010 as originally planned, and would coincide with the implementation of other aspects of the Migration laws.

It must be remembered that the effects of the additional qualifiers only relate to a one year addition – all these applicants would qualify anyway in one year's time under the current 12 year rule.

2. Regulation 1(1)(k)

The wording of the current Regulation requires that applicants need to satisfy the Minister that consent can be granted on social or economic grounds. As a matter of practise when considering applications, in addition to pure financial matters, more extensive aspects of an applicant's background and past activities is sought and assessed. The purpose of such enquiries relate to any potential impact that the taking up of residence on the Island might have by a new resident.

The purpose of this current amendment is in effect a tidying-up exercise, by making it clear that both economic and social grounds are considered, and bringing this Regulation in line with the identical requirements set out in Regulation 1(1)(j) (essential employment), by including in addition to the economic or social criteria, that an applicant needs to satisfy the Minister that any consent granted can be justified as being in the best interests of the community.

This more inclusive wording ensures that the Minister can take into account the widest possible aspects of an applicant's background and circumstances, and any impact, either positive or negative, that might result from that applicant taking up residence in the Island under this Regulation.

Financial/manpower implications

There are no financial or manpower implications for the States arising from these Draft Regulations.

Explanatory Note

These Regulations amend the Housing (General Provisions) (Jersey) Regulations 1970.

Regulation 1 reduces the period during which a person must be ordinarily resident in Jersey before purchasing property from 12 years to 11 years.

Regulation 2 adds an additional criterion on which the Minister must be satisfied before giving consent to sale and other specified disposals of land on social or economic grounds or both. The Minister must also be satisfied that consent can be justified as being in the best interests of the community.



Jersey

**DRAFT HOUSING (GENERAL PROVISIONS)
(AMENDMENT No. 26) (JERSEY)
REGULATIONS 200-**

Made [date to be inserted]

Coming into force [date to be inserted]

THE STATES, in pursuance of Articles 14 and 21 of the Housing (Jersey) Law 1949¹, have made the following Regulations –

1 Regulation 1(1)(f) amended

In Regulation 1(1)(f) of the Housing (General Provisions) (Jersey) Regulations 1970² for the number “12” there shall be substituted the number “11”.

2 Regulation 1(1)(k) substituted

For Regulation 1(1)(k) of the Housing (General Provisions) (Jersey) Regulations 1970 there shall be substituted the following sub-paragraph –

- “(k) the Minister is satisfied that consent can be justified –
- (i) on social or economic grounds or both, and
 - (ii) as being in the best interests of the community;”.

3 Citation

- (1) These Regulations may be cited as the Housing (General Provisions) (Amendment No. 26) (Jersey) Regulations 200-.
- (2) These Regulations shall come into force 7 days after they are made.

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- ¹ *chapter 18.315*
² *chapter 18.315.50*