

STATES OF JERSEY



AFFORDABLE AND RIGHT-SIZE HOUSING PROVISION ON THE WATERFRONT (P.37/2024) – AMENDMENT

**Lodged au Greffe on 18th June 2024
by the Council of Ministers
Earliest date for debate: 25th June 2024**

STATES GREFFE

AFFORDABLE AND RIGHT-SIZE HOUSING PROVISION ON THE
WATERFRONT (P.37/2024) – AMENDMENT

1 PAGE 2, PARAGRAPH a –

For the words “built as affordable housing” substitute the words “offered with an assisted purchase product”.

After the words “for first time buyers” insert the words “, where the phasing of delivery is agreed by the Minister for Housing and the Regeneration Steering Group”

2 PAGE 2, PARAGRAPH b –

After the words “set out in R.85/2024” insert the words “, where the phasing of delivery is agreed by the Minister for Housing and the Regeneration Steering Group”

COUNCIL OF MINISTERS

Note: After this amendment, the proposition would read as follows –

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

to request the Minister for Treasury and Resources, as shareholder representative, to instruct the States of Jersey Development Company that, in any new proposals or plans for housing developments on the Waterfront by the States of Jersey Development Company –

- (a) any such proposals must include a minimum provision of no less than 50% of the homes to be offered with an assisted purchase product for first time buyers, where the phasing of delivery is agreed by the Minister for Housing and the Regeneration Steering Group; and
- (b) any such proposals must include a minimum of 15% of housing designed to encourage and enable Islanders who are looking to right-size, in line with the delivery of the right-sizing policy set out in R.85/2024, where the phasing of delivery is agreed by the Minister for Housing and the Regeneration Steering Group

REPORT

Summary

This amendment seeks to make two relatively small changes to the proposition that will ensure the type of assistance offered to first-time buyers on the Waterfront can meet the needs of a broad range of Islanders. The agreement of a phased delivery plan will ensure the provision of first-time buyer and right-sizer units are sufficiently and appropriately harmonised with the delivery of infrastructure and public realm once new plans for the Waterfront have been developed, and that this is reflective of the prevailing housing market and affordability at the time.

Comments

The Council of Ministers are grateful to Deputy Miles for bringing this proposition, which provides an opportunity for the States Assembly and Government to, together, commit to providing more affordable homes on the Waterfront. We have brought this amendment because we share the same aims as Deputy Miles, but simply need to make some adjustments to ensure that those aims are deliverable.

Providing more affordable homes for Islanders and developing a plan to revitalise Town are high priorities for the Government, as articulated in our Common Strategic Policy¹ and we are committed to working with the States of Jersey Development Company (“SoJDC”) to create new plans for a Waterfront that Islanders will be proud of, and have a sense of ownership over.

Achieving a successful development of the Waterfront will be dependent on achieving the right balance of investment in not just homes, leisure and economic activity, but also essential infrastructure such as public spaces, improved connectivity through La Route De Liberation, and public parking. It is a challenging area to develop whilst meeting these needs, and it is essential we work hard to get what is a complex and long-term plan right.

Following the refusal of the Outline Planning Application by the Determining Panel of Ministers² of the previous Government in 2023, work is underway to address the reasons for refusal and other matters observed by the Independent Planning Inspector as part of the Public Inquiry³. In particular, SoJDC have been working closely with Government officers to identify solutions to the key public infrastructure challenges that exist, whilst also working with the Minister for Housing to ensure that Islanders who require financial assistance to purchase property in Jersey are given support to access homes developed by SoJDC in all their future schemes - including the forthcoming South Hill development - whilst recognising the viability and financing challenges that face developers.

The Regeneration Steering Group are due to receive a full update on progress at its next meeting at the end of July, and public communications on the development of new detailed plans will follow in due course.

¹ [Proposed Common Strategic Policy](#)

² [Decision of the Determining Panel under Article 12\(2\)\(b\) of the Planning and Building \(Jersey\) Law 2002](#)

³ [Independent Planning Inspector’s Report: Public Inquiry PP/2021/1969](#)

Our opportunity to help more Islanders with the cost of owning a home

As Deputy Miles notes in her report, there have been a number of previous attempts to increase the level of affordable housing committed for first-time buyers on the Waterfront development. This has not, however, been successful beyond the current commitment to a minimum of 15%, which is immortalised into policies H5 and H6 of the Bridging Island Plan as a result of the current Housing Minister's efforts to amend the Bridging Island Plan as a back-bench Deputy.

Previous rebuttals to increase this percentage have been focussed on the important matter of ensuring that the redevelopment of the Waterfront remains financially viable, where the essential investment into public realm and infrastructure can be delivered to support the creation of a successful place where people want to live, visit and work.

This historic concern is a very valid one, and it is essential the Assembly do not lose sight of why it created SoJDC as a regeneration entity, which exists alongside Andium Homes who are otherwise wholly dedicated to the delivery of affordable homes for Islanders.

Andium Homes are well on their way to meet their target of delivering 3,000 new affordable homes for Islanders; over 450 homes have been recently delivered, more than 600 are currently on site being built, with many more in the pipeline on Bridging Island Plan re-zoned sites and other development opportunities in St Helier. It is important that housing supply in Jersey is capable of meeting the needs of *all* Islanders, and hence it remains vitally important that we also keep a focus on delivering open market housing to ensure that this part of the market is not starved of supply, which ultimately will lead to open market prices increasing. In light of current market conditions, it is expected that the supply of privately led open market homes will slow, and hence SoJDC developments will play an important role to ensure continuity of supply for that part of the market.

We accept that over time, the activities of both entities are becoming increasingly mixed, and agree the importance of undertaking a more strategic review of objectives to ensure that their roles are clearer, maximising their efficiency and avoiding duplication. This is being progressed by the Minister for Treasury and Resources in consultation with the RSG, who will provide an update the Assembly on her intended approach and timings to take this forward.

It is also important to recognise that SoJDC *do* already play an active role in supporting more Islanders into home ownership:

- To date 35% of all SoJDC's open market homes have been purchased by first-time buyers.
- In 2015, SoJDC introduced a deposit payment scheme whereby first-time buyers could reserve their apartment with a £2,000 deposit, with the balance of the 10% deposit being paid in monthly instalments over the build period.
- To date, SoJDC has assisted 117 first-time buyers onto the property ladder as a result of their housing schemes.

Testimonial from one SoJDC first-time buyer:

“Thanks to JDC’s deposit payment scheme, we were able to comfortably afford day to day life and simultaneously secure our first home. We are now homeowners and couldn’t have done it without them!”

The Council of Ministers agree that not enough has been done by previous Governments to ensure that SoJDC are given appropriate guidance for giving first-time buyers – and right-sizers – as much help as possible in their future schemes. Indeed, the Minister for Housing began working with SoJDC to improve their offer to Islanders in the first few weeks of assuming office and hence this Proposition is timely to crystallise this progress by a States decision.

Reason for the amendment

Deputy Miles is supported by the Council of Ministers in her initiative to press on the Assembly to make a new commitment for the future of Waterfront that will change the perspectives of young families as to whether they have a future in Jersey... to send a message that Jersey is a place where families can prosper, face the future with optimism, and plan for the long-term. We couldn’t agree more with this.

This Council of Ministers’ amendment has been proposed to help ensure the financial viability to achieve this good outcome for the Waterfront, in a way that can confidently match the headline aspiration to commit at least 50% of the development to help first time buyers, and a further 15 percent to encourage and support people downsizing. The amendment does this by ensuring that there will be a range of assisted purchase products available [not just those falling under the formal definition of “affordable housing” which bears specific meaning and eligibility criteria], to help a broader range of Islanders, whilst not compromising viability at this early stage of developing new plans. The Regeneration Steering Group, in partnership with the Minister for Housing, will ensure:

- **A minimum 15 percent of homes to be offered on a shared equity basis, at a level sufficient to improve affordability for Islanders who would not otherwise be able to attain home ownership at the Waterfront:** shared equity homes align to the definition of affordable housing and eligibility is subject to household income restrictions. As a product, it is designed to help those Islanders who will not otherwise have a realistic prospect of home ownership in Jersey due to insufficient income, removing the burden of raising a deposit whilst reducing monthly mortgage repayments. However, this type of product is costly to deliver and thus must have parameters established to ensure the development can remain viable at a minimum level of contribution.
- **A minimum of 35 percent of homes provided with a SoJDC Deposit payment scheme:** SoJDC’s open market homes in its College Gardens and Horizon developments attracted 35% first time buyers with the majority of these utilising SoJDC’s deposit payment scheme. SoJDC is committed to continuing this scheme on all of its future residential developments. We are conscious that property prices have risen since it first launched the scheme and as a result first time buyers require larger deposits and likely need more time to save the deposit. SoJDC is in discussions with two local banks to create a bespoke savings account for local first-time buyers in order to provide a longer period of saving for their 10% deposit with attractive interest rates. SoJDC aims to have this initiative launched later this year. This arrangement will not unduly

narrow the pool of eligible first-time buyers against a prescribed income limit, and the Minister for Housing will work with SoJDC to consider any other variant of a similar scheme to ensure it best reflects the needs of Islanders and market conditions.

- **That the phasing of delivery is agreed by the Minister for Housing and the Regeneration Steering Group:** as SoJDC and the RSG are still in the early stages of formulating new plans for the Waterfront, it is necessary to ensure that an appropriate phasing plan for delivery can be developed at a later date, when the particulars of the new scheme are better understood. The phasing plan will ensure that the needs of Islanders are prioritised in light of prevailing housing market and affordability conditions, with a clear and deliverable pathway to achieve the overall quantum of assisted home ownership that is committed by the amended proposition. Importantly, by the Minister for Housing and RSG working together, it can ensure that the housing contribution is sufficiently and appropriately harmonised with the delivery of infrastructure and public realm.

Financial and staffing implications

Deputy Miles states in the Financial and Staffing implications of her proposition that there is no live application for the development of housing on the Waterfront and that this proposition does not impact on the viability of any existing scheme. Also, that SoJDC, Ministers and officials will need to work together to ensure that a scheme which incorporates at least 50% of affordable housing and a further 15% of downsize housing is viable and deliverable.

Of course, whilst it doesn't as-such impact upon an existing scheme while a new plan is being developed, the proposition is not without financial implications that will ultimately influence and impact what the Waterfront is capable of delivering for Islanders.

Deputy Miles states elsewhere in her report that infrastructure and public realm improvements are the duty for Government to fund anyway. This is not true. There is a long history of developers – both public and private – providing infrastructure and public realm as part of new large-scale developments. This features as an integral part of several Bridging Island Plan policies and is essential to ensure that new development is planned well and achieves the strategic priorities that have been adopted by the States Assembly and articulated in the South-West St Helier Planning Framework⁴ that was subject to extensive public consultation. It must do so without inappropriately burdening the public purse to mitigate these costs.

It is essential that SoJDC fund the development of the Waterfront through its activities. They were established with this very purpose, as a self-financing agency. Unlike Andium Homes, there is no ongoing financial relationship between the Company and public finances, and no provisions are made in any Government Plan to provide direct additional funding.

Deputy Miles also states that the priority must be given to the housing crisis above infrastructure and public realm where “...*providing realistic and attractive options to downsize must come first*”. The Council of Ministers absolutely agree the high priority for the housing crisis, but do challenge how realistic and attractive housing at the

⁴ [Southwest St Helier Planning Framework](#)

Waterfront would be, if it did not come with any improvements to public realm or new amenities? We must build homes people want to live in, in places they want to live and deliver a mixed-use destination Waterfront that aligns with community expectations.

Care must be taken to ensure that the States Assembly's agreement to this proposition does not bind SoJDC to commitments that it cannot ultimately deliver, which is why the Council of Ministers have presented this amendment, which has been developed with the objectives of the original proposition at its heart and helps to ensure that SoJDC are able to deliver a Waterfront that Islanders want and need. The Regeneration Steering Group – which has been re-established under its original terms of reference by this new Government – ought to be trusted by the Assembly to do its work with SoJDC properly. It can do this in the comfort of knowing our values and commitment to get the best outcome for Islanders on the Waterfront; as part of our Plan for Town, our commitment to deliver more affordable homes, and also in the context of our need to reduce unnecessary additional public expenditure.

Whilst there is currently no Waterfront scheme to accurately quantify the financial impact of the proposition, based on known third party funders loan to cost ratios and SoJDC's working capital, SoJDC needs the assurance that it will have the financial capacity to deliver to the level set out in part (a) of the proposition. The Council of Ministers with the support of SoJDC are confident that the amended proposition will be financially deliverable, with a minimum 15% shared equity and 35% deposit loan scheme, as has been described in order to meet the minimum 50% allocation.

Additional information

Economic Impact Statement

The independent views of the Government's Economics Unit have been sought in relation to the proposition, and taken into account in the formulation of this amendment. The advice has been provided for the Assembly's information:

“In general, competitive markets deliver the best outcomes. Anything that prevents a market from fully functioning – eg through the creation of sub-markets and artificial divisions – reduces competition and risk sub-optimal outcomes. This proposition creates artificial divisions by designating a proportion of the development for two different types of buyers. Sometimes, eg to correct a market failure, such interventions can be optimal, but it is not clear that there is a market failure affecting first-time buyers or right-sizers.

From an economic perspective it is necessary to consider the impact of this proposition on developers (and the supply of new/additional housing), on buyers (first-time, right-sizers and all buyers) and on public finances.

- 1. For buyers this would create a supply of houses at subsidised prices for eligible first-time buyers. These buyers might benefit – although evidence from first-time buyer schemes in the UK points to at least some of the subsidy (whether through reduced stamp duty or through shared equity) feeding through to higher prices and thus reducing the benefit to the buyers. It might lead to higher prices for the rest of the development – through reduced supply and as developers seek to maximise their profits, with economic consequences (the FPP noted in their 2023 Annual Report that “the high cost of housing is likely*

to be a drag on productivity on Jersey and as such a risk to economic growth". It is unclear whether there would be sufficient demand from first-time buyers or from right-sizers for the supply created by this development: specifically for flats on the waterfront. The net effect on the housing market and on public finances is unclear.

- 2. Developers and the supply of new housing. This proposition is likely to affect prices and/or the profitability of the development. It might lead to an excess supply of FTB flats and of flats for right-sizers (as it is unclear that there would be sufficient demand from either group) and push up the prices of flats on the open-market. In extremis it could make the development uneconomic."*

The role of the States of Jersey Development Company

The States of Jersey Development Company (SoJDC) was established in 2010 by the States of Jersey⁵ to undertake regeneration and strategic property development in order to deliver a financial, social and environmental contribution to the Island.

Key objectives set for the company include to create jobs, housing and infrastructure to support the Island's economy; deliver projects which are community focussed and include high quality open spaces and areas for use by all Islanders, and to create long-term value for the public through supporting Governments wider policy objectives and creating a return on an agreed proportion of profits.

Children's Rights Impact Assessment

A Children's Rights Impact Assessment (CRIA) has been prepared in relation to this proposition and is available to read on the States Assembly website.

⁵ P.73/2010