

States of Jersey  
States Assembly



États de Jersey  
Assemblée des États

# Environment, Housing and Technical Services Scrutiny Panel

## Supply of Housing Review



Presented to the States on 8th September 2015

S.R.5 /2015



# CONTENTS

1. Panel Membership, Terms of Reference and Evidence Considered .....	2
2. Executive Summary .....	4
3. Findings and Recommendations .....	7
4. Introduction .....	13
5. The Identification of housing need and Supply .....	15
5.1 The Affordable Housing Gateway .....	17
6. The Delivery of Housing .....	22
6.1 Current Supply of Housing .....	23
6.2 The role of Social Housing Providers .....	26
6.3 The use of empty properties .....	29
7. The planning System .....	32
7.1 Tenure Split .....	32
7.2 Regeneration of St Helier .....	34
7.3 H3 Policy (Planning Obligations) .....	35
7.4 Land “hoarding” .....	37
7.5 Parking spaces, Lifelong Homes Standards and Density level requirements .....	40
8. Access to affordable housing .....	44
8.1 90% Market Rental Policy .....	44
8.2 Preservation of Affordable Housing .....	48
8.3 Supporting entry into homeownership .....	49
8.4 Key Worker .....	53
8.5 Mortgage Lenders .....	54
9. Looking Forward .....	56
9.1 Involvement from the private sector .....	56
9.2 Delivery of the Housing Strategy .....	57
10. Conclusion .....	61
11. Appendix 1 –Report by Ark Housing Consultants .....	62



# **1. PANEL MEMBERSHIP, TERMS OF REFERENCE AND EVIDENCE CONSIDERED**

The Environment, Housing and Technical Services Scrutiny Panel comprised the following Members:

Connétable A.S. Crowcroft, Chairman

Deputy D. Johnson, Vice-Chairman

Deputy J.A. Martin

Deputy M. Tadier

The Panel appointed Mr. P. Mooney from Ark Housing Consultancy as its expert adviser for this review.

The Following Terms of Reference were agreed for the review:

1. To examine the means by which the Council of Ministers measures and monitors housing supply and housing affordability;
2. To consider the factors which affect the supply and affordability of housing in Jersey;
3. To examine the impact of the planning process on the delivery of housing;
4. To consider proposals of the Council of Ministers for the delivery of further housing;
5. To consider proposals of the Council of Ministers, in particular the Ministers for Housing and for Planning and Environment, to improve the affordability of housing for Islanders; and
6. To consider the role played by other housing providers in the delivery of affordable homes.

## **Evidence Gathered**

The following documents were considered by the Panel and its expert adviser during the review:

1. Draft Housing Strategy Framework, June 2015
2. Residential Land Availability at January 2013, States of Jersey
3. Revised 2011 Island Plan, 2014
4. Options for Jersey Housing Policy, Christine Whitehead, June 2014
5. Housing Affordability in Jersey 2013, States of Jersey Statistics Unit
6. Jersey's Housing Assessment 2013-2015, States of Jersey Statistics Unit
7. 2011 Island Plan

The Panel wrote directly to a number of key stakeholders and invited submissions from the public through a call for evidence in the Jersey Evening Post and an advert on Channel 103. The following Submissions were received:

1. The Chairman of the Jersey Homes Trust	19th May 2015
2. Le Vaux Housing Trust	29th May 2015
3. Mr. Bewers	2nd June 2015
4. Christians Together in Jersey Housing Trust	3rd June 2015
5. Andium Homes	9th June 2015
6. Mr. Ian Syvret	15th June 2015
7. Mr. Eves	16th June 2015
8. Mrs. Freda Evens	17th June 2015
9. Anonymous	18th June 2015
10. Mr and Mrs Cornelissen	18th June 2015
11. Mr M. Dun	14th July 2015

The Panel received a Briefing from the Strategic Housing Unit on 18th June 2015 on the Housing Strategy Framework.

The Following Public Hearings were held:

19th June 2015	Deputy A. Pryke, Minister for Housing, accompanied by Mr. P. Bradbury, Director of Corporate Policy, Mr. T. Walker, Chief Officer of Home, Community and Constitutional Affairs, and Mr R. Buchholz, Principal Planner
9th July 2015	Deputy S.G. Luce, Minister for Planning and Environment, accompanied by Mr A. Scate, Chief Executive Officer, Mr. K. Pilley, Director of Policy, Projects and the Historic Environment, and Mr. R. Buchholz, Principal Planner.
9th July 2015	Mr. M Jones, Chairman of Andium Homes, accompanied by Mr. I Gallichan, Chief Executive, and Mr. C. Mavity, Commercial Director.

## 2. EXECUTIVE SUMMARY

In 2013, the requirement figures for new homes set out in the 2011 Island Plan were reviewed, updated and rolled forward as part of the proposed changes to the Housing Chapter of the Plan. The figures showed that an estimated 3,450 new homes would be required over the period 2013-2020. Of these, 1,000 would be for affordable housing, both for rent and for purchase, and the remainder would be sold in the open market. In 2014, the Island Plan was amended to reflect these updated figures. Whilst the total estimated supply for housing slightly exceeded the estimated demand, it was acknowledged that any delays to key sites within the Island Plan would risk an imbalance between the two, particularly in the case of affordable housing.

The evidence that we have received during our review suggests that, due to re-prioritisation of the States Capital Programme, it is unlikely that the Summerland and Ambulance sites will be ready for development until 2023. As a result, 150 affordable homes will not be delivered in the anticipated timeframe that was set out in the Island Plan. Furthermore, the funds that were originally earmarked for these two sites are no longer available. We have recommended that the Minister for Planning should work closely with the Minister for Treasury and Resources to identify additional finances which would enable Andium Homes to begin development of the sites as soon as they become available.

In addition to the former States-owned sites, we understand that the re-zoned sites are also facing delays in development. Since the approval of the 2014 revision of the 2011 Island Plan, almost 12 months ago, none of the H1 sites have firm development proposals in place. It is therefore unlikely that the 300 new homes, due on the re-zoned sites, will be forthcoming before 2017/2018 at the earliest. We found that, as a result of the untimely development of affordable housing on identified land, there is a strong possibility that the Island Plan target to deliver 1,000 affordable homes by 2020 will not be met. Thus, we recommend that the Minister for Planning and Environment, together with the Minister for Housing, should bring forward a list of additional sites for new homes by December 2015.

One of the biggest problems we face in Jersey is the volatile completion rates for new building despite the identification of feasible sites within the Island Plan. Currently, there is an estimated 2,000 unused planning permissions on the Island. Whilst a range of reasons have been identified for the slow take up of planning permissions, during our review we have been strongly alerted to the issue of 'land hoarding'. There is a concern among islanders that land owners and developers 'bank' identified land to maximise profits rather than to ensure a stable flow of new housing. Unfortunately, like other issues surrounding the supply of housing, there is not a 'one size fits all'

solution to the current problems we are facing. A balance must be struck to ensure that any incentives introduced for the purpose of encouraging development do not deter applications from coming forward. The Minister for Planning and Environment should therefore review the list of initiatives that have been proposed by our expert adviser and agree a way forward by March 2016.

The current planning system and a number of the planning policies contained within the Island Plan are acting as a barrier to the provision of housing in Jersey. The Island Plan contains policies which protect Employment Land (Policy E1) and Historic Buildings and Places (Policy E1). Whilst the majority of those we received evidence from during our review supported the principles behind the policies, there was a concern that they often impeded the delivery of affordable housing and the objectives underpinning the regeneration of St Helier. Jersey is currently facing a housing shortage in all categories and it is therefore imperative that the supply of homes remains the top priority of the States. Accordingly, the Minister for Planning and Environment should put in place new supplementary planning guidance for St Helier, which identifies key development zones where the requirements of Policy E1 and HE1 can be relaxed. Furthermore, a review should be undertaken to ensure that the current planning policies that set requirements for parking spaces, density levels and Lifelong Homes standards are 'fit for purpose' and do not impinge on the delivery of affordable housing.

There is current uncertainty as to the true effects of the 90% market rental policy on affordable housing tenants. The Policy has not been in place long and it is acknowledged that some time is needed before its impact can be assessed. However, the concerns raised during this review provide justification for further monitoring of the Policy to ensure that it does not negatively impact on either the supply or affordability of homes. The Minister for Housing should therefore undertake a review of the impact of the Policy on affordable housing tenants and report back to the States Assembly by March 2016.

A positive approach that has been taken to assist individuals in gaining access to the property ladder is the identification and provision of Category 'A' homes for purchase. However, at present due to legal loopholes we are unable to retain affordable homes in perpetuity for future generations of first-time buyers. We understand that the Strategic Housing Unit (SHU) has commenced preliminary discussions with Law Draftsman to bring forward amendments to the relevant Legislation but we are unclear as to the extent to which the work has progressed. We recommend that priority should be given to establishing a new legal framework for retaining properties in the affordable housing sector. Furthermore, the framework should be in place before the first house is sold, as stated in the revised 2011 Island Plan.



Housing affordability issues are not just confined to high need households. Moderate income households are also affected by these issues and many face difficulties transitioning from private rental to home ownership. In 2013, almost half of all working households could not afford to service a mortgage affordability on the purchase price of a property at the lower quartile price, a greater proportion than in 2011 and 2012. Currently there is very little housing available locally for purchase on a discounted price, shared equity or shared ownership basis. This makes it difficult for people who do not qualify for affordable housing via the Affordable Housing Gateway and would like to buy, rather than rent privately. The Strategic Housing Unit is currently considering a number of options to assist individuals to gain access onto the property ladder. However, a number of legal changes are required in order to facilitate the introduction of a shared ownership scheme. We recommend that the Minister for Housing must ensure that the required changes to property Legislation are brought to the States for approval by the end of 2015.

The Minister for Housing and the Strategic Housing Unit should be commended for their commitment to address the many issues contained within the draft Housing Strategy Framework. We are pleased to see that many of the issues or shortcomings identified within our expert adviser's report, as well as our own report, are to be addressed by actions set out in the Framework's Delivery Plan. However, we are concerned that the lack of manpower resources available to the SHU may increase the risk of delays in delivering the Housing Strategy objectives. Thus, the Minister for Housing should closely monitor the Delivery Plan to ensure that the objectives are being delivered within the set timeframe. If there any delays to the work being carried out consideration should then be given to acquiring additional, temporary staff.

Finally, we found that in recent years communication between key players within the housing industry has significantly reduced. Going forward it is imperative that an open environment is created where concerns can be voiced and discussed and solutions to Jersey's current housing situation can be found. In order to facilitate such discussion a housing forum or working group consisting of key stakeholders, should be established.

### 3. FINDINGS AND RECOMMENDATIONS

#### Key Findings

- 3.1 The Strategic Housing Unit's commitment to producing an annual Strategic Housing Market Assessment Report is welcomed. Consistent and effective monitoring of housing supply and demand is essential for identifying shortfalls in delivery and planning correctly for the future. [section
- 3.2 At present, there is a significant leakage of the housing component of Income Support into the private rented sector. Currently, it is hard to measure how much of this rent is subsequently reinvested back into the current or future housing stock.
- 3.3 The Affordable Housing Gateway does not reflect the true extent of the affordable housing need in Jersey.
- 3.4 It is imperative that consideration is given to the type of property that is being sought by individuals on the Affordable Housing Gateway when planning for future supply.
- 3.5 A system, equivalent to the Choice Based Lettings System that exists in the UK, would allow individuals on the Affordable Housing Gateway in Jersey to make their own decisions about where they live and to exercise an element of choice. It would also provide a more effective way of utilising the limited housing stock available.
- 3.6 One of the biggest problems we currently face in Jersey is the volatile completion rates of new builds.
- 3.7 It is unlikely that the Summerland and Ambulance sites will be ready for development until 2023. Consequently, 150 affordable homes will not be delivered in the anticipated timeframe that was set out in the Island Plan.
- 3.8 There are currently no funds earmarked for development of the Summerland site and Ambulance site.
- 3.9 The Council of Ministers has not provided Andium Homes with a population figure to work to in order to assist in the forward planning of the future supply of affordable homes.

- 3.10 Due to the delay in commencing development on former States sites and the re-zoned sites there is a strong possibility that the Island Plan target to deliver 1,000 affordable homes by 2020 will not be met.
- 3.11 In order to facilitate the further delivery of much needed social housing, it is imperative that the role of Housing Trusts is understood and supported by the Minister for Housing, the Council of Ministers and the Strategic Housing Unit.
- 3.12 A reduction in Jersey's property vacancy rate by 2% would bring 900 homes back into the market. This would count for over two years' target for supply through development in the Island Plan.
- 3.13 The Island Plan policy requirements for an 80:20 tenure split on re-zoned sites may have an adverse effect of discouraging landowners and developers from supplying any form of housing on the land.
- 3.14 Current planning policies conflict with the objectives underpinning the regeneration of St Helier and act as a barrier to new urban housing projects.
- 3.15 Policy H3 could undermine the delivery of affordable homes if it is too onerous. In order for it to be a workable policy, it must be applied in a sensitive and pragmatic manner.
- 3.16 There is not a 'one size fits all' solution to the current problems we are facing with 'land hoarding'.
- 3.17 The current planning policies that set requirements for parking spaces, density levels and Lifelong Homes standards may hamper the delivery of affordable housing.
- 3.18 It is unclear what impact the new 90% market rental policy will have on new and existing tenants and the overall rental housing market.
- 3.19 Without the ability of ensuring that affordable homes are maintained as affordable in perpetuity, we are unable to secure these homes for future generations of first time buyers.
- 3.20 The Panel has been advised that the Minister for Housing is actively reviewing the possible re-introduction of the deposit loan scheme.
- 3.21 Currently there is very little housing available locally for purchase on a discounted price, shared equity or shared ownership basis. This makes it particularly difficult for people who

do not qualify for affordable housing via the Gateway and would like to buy, rather than rent privately.

- 3.22 It is important that consideration is given to a wide range of schemes that will support individuals who are trying to gain access onto the property ladder.
- 3.23 Extending the Affordable Housing Gateway to Key Workers in order to enable access to affordable housing is considered a positive step forward.
- 3.24 An individual's ability to successfully access the property ladder can be significantly affected by the number of participating mortgage lenders on the Island and the available interest rates.
- 3.25 Private rental landlords could make a meaningful contribution in providing affordable and secure homes to Jersey residents and assist in reducing the substantial Affordable Housing Gateway waiting list.
- 3.26 The Housing Strategy Framework is a useful step forward in setting an agenda and a vision for housing.
- 3.27 The lack of manpower resources available to the Strategic Housing Unit may increase the risk of delays in delivering the Housing Strategy objectives.
- 3.28 In recent years communication between key players within the housing industry has significantly reduced. It is therefore imperative that an open environment is created where concerns can be voiced and discussed and solutions to Jersey's current housing situation can be found.
- 3.29 The Delivery Plan does not provide enough detail to enable close monitoring of the Housing Strategy objectives.

### **Recommendations**

- 3.30 The Minister for Housing should undertake an annual review of the qualifying income level for access to the Affordable Housing Gateway to ensure the figure is aligned with current rental costs, property values and affordability criteria.
- 3.31 The Minister for Housing should ensure that annual targets for the delivery of affordable housing reflect the needs and requirements of individuals on the Affordable Housing Gateway, in particular the size of properties requested.

- 3.32 The Minister for Housing should require a full trial of a choice based system to be operated for advertising and re-letting vacancies in the affordable housing stock. This trial should involve the housing trusts as well as Andium Homes. It should take place before March 2016.
- 3.33 The Minister for Planning and Environment should ensure that robust figures for housing starts and completions are collected and reported to the States Assembly on an annual basis to ensure transparency and accountability.
- 3.34 The Minister for Planning and Environment should work closely with the Minister for Treasury and Resources to identify additional finances which would enable Andium Homes to begin development of the Summerland and Ambulance sites as soon as they become available.
- 3.35 The Minister for Housing must ensure that all other Ministers who are involved in housing the population, as well as all affordable housing providers, are working to an up-to-date population figure. Furthermore, the estimated demand needs to be adjusted to take into account the number of people qualifying every year under the current 10 year rule.
- 3.36 The Minister for Planning and Environment should correspond with the Minister for Housing to bring forward a list of additional sites for new homes by December 2015, to ensure that the target for the delivery of 1,000 affordable homes by 2020 is achieved.
- 3.37 The Minister for Housing should clearly communicate the role she expects the housing trusts to play in the future delivery and management of affordable housing in Jersey, this clarification to be delivered by October 2015.
- 3.38 By January 2016, the Minister for Housing should investigate the possibility of bringing empty homes back into use using a variety of tools including the introduction of a form of empty property tax or charging an annual sum in addition to the current parish rates.
- 3.39 By March 2016, the Minister for Planning and Environment should work with the Minister for Housing to review the impact of implementing the 80:20 rule for the delivery of affordable homes on re-zoned sites.
- 3.40 The Minister for Planning and Environment should examine how current planning conditions could be relaxed in certain parts of St Helier to encourage and facilitate new housing. This should result in the issuing of new supplementary planning guidance for St Helier by March 2016.

- 3.41 The Minister for Planning and Environment should ensure that a meaningful dialogue with landowners and developers takes place before any planning obligations are applied to new builds. It is imperative that all parties work together to achieve the objectives set out in the Island Plan.
- 3.42 By March 2016, the Minister for Planning and Environment should work closely with the Minister for Housing and Minister for Treasury and Resources to review the initiatives proposed by our expert adviser and agree a set of incentives for encouraging the timely development of identified land.
- 3.43 By March 2016, the Minister for Planning and Environment should ensure that the current planning policies are 'fit for purpose' and do not conflict with the objectives of the Island Plan and, in particular, the provision of affordable housing in St Helier.
- 3.44 The Minister for Housing should closely monitor the impact of the 90% market rental policy on tenants and report to the States Assembly by March 2016. The report should identify any unforeseen or unintended consequences of the affordable rent policy and should propose ways to overcome them.
- 3.45 The Minister for Housing must give priority to establishing a new legal framework for retaining properties in the affordable housing sector. The legal framework must be in place prior to the first house being sold, as stated in the 2014 review of the 2011 Island Plan.
- 3.46 The Minister for Housing must ensure that the required changes to property Legislation, to enable the introduction of a shared ownership scheme, are brought to the States for approval by the end of 2015.
- 3.47 The Minister for Housing should amend action 1.2 of the Delivery Plan to include consideration of additional help to buy schemes such as funds of equity loans and mortgage guarantees.
- 3.48 The Minister for Housing should commission research to identify what measures could be taken to increase the number of lenders active in the Jersey mortgage market.
- 3.49 The Minister for Housing should ensure that the Housing Strategy addresses the benefits of allowing the private sector access to the Affordable Housing Gateway and identifies the steps necessary to enable this provision.

- 3.50 The Minister for Housing should closely monitor the Delivery Plan to ensure that the Housing Strategy objectives are being delivered according to the set timetable. If there are any delays in the commencement of work, consideration should be given to acquiring additional, temporary resources.
- 3.51 The Minister for Housing should establish a housing forum or working group, consisting of key stakeholders, by December 2015.
- 3.52 The Minister for Housing should amend the Delivery Plan so it includes more specific and measurable targets that reflect the policy objectives of the Island Plan.

## 4. INTRODUCTION

The Panel agreed to undertake a review of the supply and affordability of housing in Jersey due to its acknowledgment of the importance of the matter to the Island and general public alike. The Jersey Annual Social Survey (JASS) reported that 27% of respondents stated that “ensuring the availability and quality of housing” should be a “very high priority” of the Government, with a further 42% of respondents saying it should be a “high priority”. In the same survey, respondents were also asked “if there was one thing you could change about life in Jersey, what would it be?” Controlling the population was the top answer but ensuring the affordability of housing was one of the second most frequently identified topics. In the 2012 JASS, 42% of respondents had said that making property more affordable should be a priority for the Island’s Government.

Within the 2015-2018 States Strategic Plan, Housing has not been detailed as a main objective of the Council of Ministers. However, within the plan there is a commitment to bring forward a housing strategy to *“deliver increased housing and supply for rent and purchase, to increase standards and quality, with reviewed and appropriate criteria of density, and to support good quality neighbourhoods and communities for St Helier, and elsewhere in Jersey.”*

The Strategic Housing Unit (SHU) has been tasked with the responsibility of developing the future Housing Strategy with co-ordination from other States Departments and supported Ministers. According to the report accompanying *The Reform of Social Housing (P.33/2013)*, the Strategic Housing Unit will be responsible for developing a Cross-Tenure Housing Strategy which, amongst other things, will describe the prevailing housing market in terms of affordability; will set out current supply projections; and will recommend methods of increasing home ownership or increasing affordability. The Strategic Housing Unit is due to produce a strategy later this year and it is understood that the Policy will not be lodged for debate but will be presented as a report to the States Assembly.

The Panel was provided with a copy of the Draft Housing Strategy Framework and received a briefing from SHU in June. The Framework was due to go out for consultation earlier this year but has now been delayed until after the States summer recess in September. The Strategies overarching vision is for “all islanders to live in secure, high quality homes they can afford”. The SHU identified a number of challenges which would need to be overcome in order to meet this vision, two of which were; the need to increase housing supply to meet the needs of the Island; and improving affordability. Accordingly the first key objective was to “ensure the supply of decent affordable homes meets the identified needs of the Island”.



The Panel agreed to undertake a review into the supply of housing irrespective of the Strategic Housing Unit's commitment to bring forward a Housing Strategy to the States. Nevertheless, the production of the Strategy Framework has given the Panel an insight into the potential content of the Housing Strategy and the future aims and objectives of the Housing Department. The scope of our review was large and as a result we have focused on what we believe to be the most crucial issues. We have not considered all of the proposals contained within the Housing Strategy Framework nor have we addressed all the factors that impact upon the supply and affordability of housing in Jersey.

In undertaking this work, we were assisted by our expert advisor, Mr. P. Mooney of Ark Housing Consultants, to whom we are very grateful. A copy of his report is appended to our own.

We sought written testimonies from stakeholders and the public and held Public Hearings with the Minister for Housing, Minister for Planning and Environment and Andium Homes. The testimonies we have considered are available to read on the Scrutiny website. We are grateful to those who have contributed to our work and to the Ministers and their Departments for their assistance during the review.

This report begins by examining the means by which housing need and supply is measured and monitored in Jersey. It then moves on to consider the current supply of homes against the targets set within the revised Island Plan. The report then considers the impact planning policies have on the supply of housing. The next chapter reflects on the measures that are being taken, or are proposed, by the Strategic Housing Unit to address the affordability of housing. Finally, it shall consider possible improvements of the Housing Strategy Framework and its delivery.

## 5. THE IDENTIFICATION OF HOUSING NEED AND SUPPLY

In order to address issues surrounding the supply and affordability of housing and potential ways of overcoming these issues, it is important to first consider how housing need and supply is measured.

The importance of new build of both market and affordable housing is at the heart of States' housing strategy. In the introduction to the 2013 Housing Business Plan, the previous Minister for Housing stated that:

*“The use of existing States owned land will also be key in delivering new homes, however, there is still a role for new homes to be delivered through the normal planning process and I am keen to support the Planning and Environment Minister in his endeavours to deliver homes for all tenures, concentrating development on States owned land and existing brown field sites. My mantra for the foreseeable future will be Supply, Supply, and Supply.”<sup>1</sup>*

The requirement figures for new homes set out in the 2011 Island Plan were reviewed, updated and rolled forward in 2013 as part of the proposed changes to the Housing Chapter of the Plan. The figures show that an estimated 3,450 new homes would be required over the period 2013-2020. Of these 1,000 would be Category A (i.e. affordable homes, lifetime homes, First Time Buyers homes and shared ownership) and the remainder would be market homes for sale or rent.

The more immediate requirements for 500 affordable homes up to the end of 2015 reflect housing aspirations expressed in the 2012 Housing Needs Survey, which have been moderated by considerations of realistic affordability. The demand includes 400 social rented homes and 100 affordable homes for purchase.<sup>2</sup>

The estimates for the demand of housing within the revised 2011 Island Plan were based on the population and household modelling using the 2011 Census results; the findings of the 2012 Housing Needs survey; evidence from the Affordable Housing Gateway; and records of recent housing completions. According to Strategic Housing Unit (SHU) the future demand of housing in Jersey will be affected by levels of net migration, ageing population and size of average households.

The Population model used to help determine the demand for housing was based on the agreed interim population target of an additional +150 households per year (325 people). In the past the

<sup>1</sup> States of Jersey (2013) Achieving Decent Homes: Housing Business Plan 2013

<sup>2</sup> Residential Land Availability at January 2013, States of Jersey

States has failed to control the level of inward migration and meet targets set within past population polices. However, it is hoped that the Control of Housing and Work Law, which was adopted in 2014, along with the introduction of a Population Register will provide the Population Office with improved statistics and, as a result, a greater understanding of the housing market in Jersey. The Chairman of Le Vaux Housing Trust acknowledged the difficult task of determining demand in light of Jersey's inward migration position:

*“We understand that there have been attempts to determine the demand for housing, both for rental and purchase, but predicted numbers have always been overtaken by increased inward migration. It follows therefore that the biggest challenge is to accurately determine demand both now and say in fifteen years’ time.”<sup>3</sup>*

The most recent report by the Department of the Environment in respect of the housing supply was Residential Land Availability at January 2013 (R.115/2013). The report stated that *“the evidence available on housing supply suggests that the Island will be in a good position to meet identified overall demand for new homes during the next five years.”<sup>4</sup>* Nevertheless, the report also said that there was no room for complacency.

Within the draft Housing Strategy Framework, the Strategic Housing Unit acknowledges that the estimated future demand and supply of housing is based on assumptions about demography and viability which have not taken into account economic and other behavioural factors.<sup>5</sup> For instance, Christian Whitehead, who was commissioned to undertake work for the States, referred to the likelihood that household numbers may have been underestimated if the economy were to improve. It is for these reasons that it is imperative that the housing market and, in particular, any challenges concerning the demand and supply of housing are monitored.

The supply and demand of homes is monitored by the Planning Department from evidence generated from the Affordable Housing Gateway, Housing Needs Surveys and Census data produced by the Statistics Unit. During the interim years of an Island Plan, the States are accustomed to receiving a ‘Residential Land Availability’ report which is essential for assessing the performance of agreed policy aims and objectives. In 2014 and thus far in 2015 however, no such report has been submitted to the States. According to Andium Homes *“the absence of the data routinely reported in the Residential Land availability report has made the monitoring of supply and demand for housing more challenging.”<sup>6</sup>*

<sup>3</sup> Le Vaux Housing Trust, Written Submission, May 2015

<sup>4</sup> Residential Land Availability at January 2013, States of Jersey

<sup>5</sup> Draft Strategic Housing Framework, June 2015

<sup>6</sup> Andium Homes, Written Submission, June 2015

Within the draft Housing Strategy Framework, the Strategic Housing Unit has committed to publicising an annual Strategic Housing Market Assessment Report. It has been advised that the report will provide evidence on the current and future number of households in need across all housing tenures, matched against the anticipated supply, together with specific housing requirements.

The Panel is fully supportive of the introduction of a new monitoring mechanism which will hopefully provide greater transparency and accountability and in turn will allow prompt action to be taken to avert any crisis from occurring. In order for this to happen it is imperative that the reporting of targets and actual performance is backed up by any shortfalls in delivery or advice on expected future problems. Our expert adviser concludes:

*“Getting a clear, concise and up to date position statement on housing supply (recent past, present and future) showing actual performance against what is planned and the level of need has been difficult. The production of a new Housing Strategy document should change this, particularly with a focus on producing annual updates on delivery against forecasts and plans.”*

**KEY FINDING:** The Strategic Housing Unit’s commitment to producing an annual Strategic Housing Market Assessment Report is welcomed. Consistent and effective monitoring of housing supply and demand is essential for identifying shortfalls in delivery and planning correctly for the future.

### **5.1 The Affordable Housing Gateway**

The Affordable Housing Gateway deals with all social housing in Jersey and is overseen by the Strategic Housing Unit. It provides a single waiting list that covers all social housing providers. Each provider will then allocate their empty homes according to the greatest needs and waiting time.

To qualify for social housing you must have a demonstrable need. For instance, you must be on a relatively low income and; have medical physical or mental disabilities and are in need of special types of housing; have a family with young children; or be over 50 years of age. In addition to the above, in order to qualify you must:

- have housing qualifications;
- have been in Jersey as your main place of residence for at least six months;

- be over 18 years old; and
- have a joint income of less than £40,000 per year.

The Affordable Housing Gateway has played an important role in measuring acute housing need in Jersey. However, concerns have been raised as to whether the Gateway really reflects the true picture of the affordable housing need on the Island. Both Andium Homes and Mr. Van Neste, the Chairman of The Jersey Homes Trust, have expressed concerns in regards to the current criteria that is used to determine access onto the Gateway waiting list. For instance, Mr. Van Neste advised us:

*“It must be understood that the criteria for acceptance onto the Gateway waiting list are severe. Generally speaking, criteria in the UK are more flexible/generous. This has been recognised from time to time (see the Whitehouse Report; The States White Paper on Housing Reform.) **The effect of this is to conceal the true extent of the housing need.**”<sup>7</sup>*

Similarly, Andium Homes spoke of the importance for the States to consider the extent of hidden housing need from concealed households and from groups who do not qualify for affordable housing such as childless single people, people under 50, Key Workers, and those awaiting housing qualifications. In its testimony to the Panel, Andium Homes suggested extending access to Affordable Housing to those who are not currently permitted access in order to minimise the leakage of Income Support benefit into the private rented sector.<sup>8</sup> It is worth noting that as of 31 December 2013, 1,984 households who were renting in the private rental sector were claiming income support.<sup>9</sup> Furthermore, it is hard to measure how much of this rent (funded through income support) is subsequently reinvested back into the current or future housing stock.

**KEY FINDING:** At present, there is a significant leakage of the housing component of Income Support into the private rented sector. It is unclear to the extent in which the rent, funded through income support, is reinvested back into the current or future housing stock.

The Delivery Plan, contained within the draft Housing Strategy Framework, confirms that a revision to the Housing Gateway criteria and allocation policy is underway and due to be completed by quarter three in 2015. It is envisaged by the SHU that any amendments made to the Housing Gateway will make the process of entry more equitable and will closer match the

<sup>7</sup> The Jersey Homes Trust, Written Submission, May 2015

<sup>8</sup> Andium Homes, Written Submission, June 2015

<sup>9</sup> Social Security Annual Report 2013

demand of affordable housing with supply.<sup>10</sup> We recognise however, that in order to amend the criteria of the Gateway, greater supply of affordable housing must be forthcoming.

In order to successfully achieve this objective, our expert adviser has recommended that an annual review is undertaken of the income level that is used as a marker to assess individual's eligibility for the Affordable Housing Gateway, so that it is updated in line with rental costs, property values and affordability criteria.

**KEY FINDING:** The Affordable Housing Gateway does not reflect the true extent of the affordable housing need in Jersey.

**RECOMMENDATION:** The Minister for Housing should undertake an annual review of the qualifying income level for access to the Affordable Housing Gateway to ensure the figure is aligned with rental costs, property values and affordability criteria.

As previously mentioned, the revised Island Plan identified the need for 1,000 affordable homes (rental and purchase) to be provided before 2020. The estimated supply for the same period, according to the Plan, is 1,060. Although the Strategic Housing Unit acknowledged the risk of an imbalance if identified sites are not developed, there has been no mention regarding the increasing waiting list numbers for the Affordable Housing Gateway. As of June 2015, the waiting list for social rented housing had exceeded 1,200 people (including affordable purchase in Band 5). Of these, 210 households are in Band 1 which is the highest priority and refers to applicants who are homeless, under eviction notice, who have urgent medical issues, or are staying with family or friends.<sup>11</sup> According to Andium Homes, the supply of new homes in recent years has been insufficient to meet the growing demand of the Affordable Housing Gateway. Its Strategic Business Plan further states *“after delivering the additional 472 net new units committed to, there will still be unmet demand for affordable homes. Further growth is therefore required.”*<sup>12</sup>

When considering the increasing demand for affordable homes and the need for growth, it is important to examine the type of property which is being sought in order to provide what is essentially needed. The overwhelming majority of applicants on the Affordable Housing Gateway waiting list are seeking smaller sized accommodation with over 80% of households waiting for

<sup>10</sup> Draft Housing Strategy Framework, States of Jersey, June 2015

<sup>11</sup> States Sitting, Hansard, 12th May 2015

<sup>12</sup> Andium Homes, 2015 Business Plan

one or two bedroom properties. As suggested by our adviser, *“this provides a strong steer to where the majority of new house building efforts should be directed.”*<sup>13</sup>

With regard to the above, our expert advisor has recommended that the annual targets for the delivery of different sized affordable properties are adjusted to reflect the demands and requirements of individuals on the Affordable Housing Gateway waiting list.

**KEY FINDING:** As of June 2015 the Affordable Housing Gateway waiting list had exceeded 1,200 people.

**KEY FINDING:** It is imperative that consideration is given to the type of property that is being sought by individuals on the Affordable Housing Gateway when planning for future supply.

**RECOMMENDATION:** The Minister for Housing should ensure that annual targets for the delivery of affordable housing reflect the needs and requirements of individuals on the Affordable Housing Gateway, in particular the size of properties requested.

In 2001, the UK government changed the way that social housing is allocated. In the majority of areas, the old points based allocation systems have been replaced by a Choice Based Lettings (CBL) System. The change was initially introduced as a result of widespread concerns among housing providers, councils and tenants about unfair, bureaucratic allocation of social housing.<sup>14</sup> Under CBL, vacant properties are ‘advertised’ and applicants on the waiting list decide which ones to apply for. The new system therefore provides more choice and involvement in selecting a new home.

The Affordable Housing Gateway is not currently run as a Choice Based Lettings System. It is our understanding that individuals are simply allocated a property according to their need and those within the highest priority band are housed first. Andium Homes however has recently been trialling a CBL with a number of gateway applicants and, to date, the feedback has been really positive. Andium believe that with this new system *“clients will be able to look at wider geographical areas to choose where they want to live while also demonstrating a more effective use of the limited housing stock available.”*<sup>15</sup>

<sup>13</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

<sup>14</sup> Joseph Roundtree Foundation

<sup>15</sup> [www.andiumhomes.je](http://www.andiumhomes.je)

Currently, the scheme is only being run by Andium Homes. Other affordable housing providers continue to allocate their homes directly to those registered with the Affordable Housing Gateway. In light of the benefits that tenants seem to gain from CBL, our expert adviser has recommended that a full trial of the system should be run by the Housing Trusts, as well as Andium Homes, for advertising and re-letting vacancies in the affordable housing stock.<sup>16</sup>

**KEY FINDING:** A Choice Based Lettings System would allow individuals on the Affordable Housing Gateway to make their own decisions about where they live and to exercise an element of choice. It would also provide a more effective way of utilising the limited housing stock available.

**RECOMMENDATION:** The Minister for Housing should require a full trial of a choice based system to be operated for advertising and re-letting vacancies in the social housing stock. This trial should involve the housing trusts as well as Andium Homes. It should take place before March 2016.

---

<sup>16</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015



## 6. THE DELIVERY OF HOUSING

The development of 1,060 affordable units is expected by 2020 from the development of States-owned sites; re-zoned sites; Andium Homes sites; and the redevelopment of existing Housing Trust sites. As we mentioned earlier, the evidence available to date suggests that the Island is able to meet the identified demand for new homes up to 2020. However, the same evidence strongly advises that in order to meet housing demand the Strategic Housing Unit must ensure consistent high levels of output. For instance, Christine Whitehead found:

*“The fundamentals in Jersey certainly suggest that supply is being constrained and particularly that output levels are extremely volatile in the face of a clearly specified Island Plan that helps ensure an apparently adequate identified land supply.”<sup>17</sup>*

The Strategic Housing Unit itself acknowledges the volatile nature of completion rates for new builds and confirms that there are large numbers of approved planning permissions for housing across the Island that have not yet resulted in development. The supply of new housing, as measured by completion rates, has varied significantly over the previous 10 years – from a high of 720 units in 2006 to a low of 171 units just two years later in 2008 when the financial crisis hit the housing market. Figures have not been released for the last two years, which makes the task of tracking trends, identifying possible shortfalls and on-going monitoring impossible.<sup>18</sup>

**KEY FINDING:** One of the biggest problems we currently face in Jersey is the volatile completion rates of new builds.

**RECOMMENDATION:** The Minister for Planning and Environment should ensure that robust figures for housing starts and completions are collected and reported to the States Assembly on an annual basis to ensure transparency and accountability.

A number of explanations were provided by SHU for the slow take up of planning permissions: financial viability, additional requirements, access to sites, sequencing arrangements and ‘land banking’ by landowners and developers<sup>19</sup>. Some of these issues will be addressed in our next chapter where we will be examining, in greater detail, the impact of the current planning system on the delivery of housing. For now however we will consider the current development on identified land and the consequences of untimely delivery.

<sup>17</sup> Christine Whitehead, Options for Jersey Housing Policy, June 2014

<sup>18</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

<sup>19</sup> Draft Strategic Framework

## 6.1 Current Supply of Housing

In its written submission to the Panel, Andium Homes advised us that all but the Ambulance and Summerland sites (identified in the Island Plan), which were identified within Andium's Strategic Business Plan, are already in their ownership and they were strongly confident that the new supply would emerge within the suggested timescale, with the exception of these two sites.<sup>20</sup>

It was envisaged that the Summerland and Ambulance Station sites would have been vacant by 2018/19 at the latest. However, re-prioritisation of the States Capital Programme meant that the move of the Ambulance HQ would be delayed and therefore the two sites will not be available for development now until at least 2023. The significant delay in obtaining this land means that 152 new affordable homes will not be provided within the anticipated timeframe. Back in 2014, Mr C. Shepley, who undertook a review of the revised 2011 Island Plan proposals, expressed uncertainty as to whether the two sites would be vacant within the time specified in the Plan. Accordingly, he commented:

*We visited this site and saw the very active uses which exist there. The Minister sees this as coming towards the end of the Plan period (between 2016 and 2020). A number of participants expressed doubts about this; and we share them, based on the past record to which we have referred. Since it is not proposed for development imminently, we do not see the need to replace it at present; but should there be no substantial progress within two years from the EiP (beginning of 2016) we recommend that other sites are brought forward in its stead.*<sup>21</sup>

During a Public Hearing, the Minister for Planning and Environment confirmed that it would now be a challenge to deliver the Summerland site in the time anticipated. It is now looking unlikely that that site will be developed during the second Medium Term Financial Plan, albeit it was originally intended to be delivered during the first Medium Term Financial Plan. When we queried the Minister as to whether he should be proactively looking at alternative sites in order to ensure the delivery of 1,000 affordable homes by 2020, he commented:

*“Well, it is certainly a possibility. I have already alerted my officers to my own personal view, which would be exactly yours, I think, which is if it does not look like the sites are going to deliver what we have aspired to when the plan came into force that we need to look at alternatives.”*

<sup>20</sup> Andium Homes, Written Submission, June 2015

<sup>21</sup> The Jersey Island Plan 2011 Interim Review Report, Chris Shepley and Alan Langton,

As a means of speeding up the delivery of homes, Andium Homes has proposed to develop the two sites separately; this would also be more financially viable than building the sites at the same time. The development of the Summerland site alone could produce up to 87 units of residential accommodation. However, the finances that were originally earmarked for this site from the £250 million bond that Andium received are now reserved for the development of another housing site – Ann Court. At a Public Hearing, the Chairman of Andium Homes advised:

*“That money [the Housing Bond] is all earmarked for sites and we have substituted the Ann Court site for ambulance and Summerland because that is available today, ambulance and Summerland is not. So we will be spending all that money. It will not be sitting doing nothing.”<sup>22</sup>*

In the absence of available funds, development on the Ambulance site and Summerland site will be delayed even further. Andium Homes has informed us that a proposal has already been made to Treasury and Resources Minister for additional funds beyond the £250 million Bond. The funds would allow Andium to develop any future development opportunities that arise.

**KEY FINDING:** It is unlikely that the Summerland and Ambulance sites will be ready for development until 2023. Consequently, 150 affordable homes will not be delivered in the anticipated timeframe that was set out in the Island Plan.

**KEY FINDING:** There are currently no funds earmarked for development of the Summerland site and Ambulance site.

**RECOMMENDATION:** The Minister for Planning and Environment should work closely with the Minister for Treasury and Resources to identify additional finances which would enable Andium Homes to begin development of the Summerland and Ambulance sites as soon as they become available.

In 2014 the States approved the rezoning of Samares Nurseries, De la Mare Nurseries and Field 785. According to Andium Homes *“the development briefs, essential to commence the design process, have not been available until very recently. Indeed the development brief for Field 785 is still not available and may not be available for some time.”* As a result of this delay it is unlikely that around 300 new homes will be forthcoming before 2017/2018, at the earliest.<sup>23</sup> It is worth noting here that since the approval of the 2014 Revision of the 2011 Island Plan almost 12 months ago, none of the H1 sites have firm development proposals in place.

<sup>22</sup> Public Hearing with Andium Homes, Transcript, 9th July 2015

<sup>23</sup> Andium Homes, Written Submission, June 2015

We have been advised by the Director of Policy, Projects and the Historic Environment that a report is due to be produced later this year which will examine the performance of the Island Plan against the housing targets. It is hoped that the report will give the Department a clearer indication of whether they are on target for 2020<sup>24</sup>. However, many of the written submissions that we have received express concern that, notwithstanding the delays in agreed supply, an unmet demand for housing remains prominent. We have been advised that *“based on recent application rates and turnover, an annual supply of at least 150 new affordable homes will be needed to maintain the Gateway list.”*<sup>25</sup> Furthermore, the delays that have been experienced on the Summerland and Ambulance sites demonstrate how difficult it can be to deliver on what is originally believed to be achievable. For this reason, it is imperative that the Council of Ministers do not become complacent, regardless of the results of the Departments report later this year.

It is notable that although we were advised by an Officer of the Strategic Housing Unit that consideration was given to population numbers and qualifying periods when setting targets for the supply of houses, Andium Homes confirmed that it had not been given a population figure to work to. The Chairman of Andium made it clear however that given the current state of the Gateway waiting list and the failure to effectively house those already living on the Island, there was essentially no need to consider those numbers.<sup>26</sup> Nevertheless, we believe that it is crucial that both the Minister for Planning and Environment and the Minister for Housing, as well as all affordable housing providers, are working to an up-to-date population figure. Furthermore, the estimated numbers for demand need to be adjusted according to the number of people who qualify each year under the current 10 year rule for gaining Jersey qualifications. If these figures are not updated on a regular basis it is likely that demand will continue to outweigh supply for many more years to come.

**KEY FINDING:** The Council of Ministers has not provided Andium Homes with a population figure to work to in order to assist in the forward planning of the future supply of affordable homes.

**RECOMMENDATION:** The Minister for Housing must ensure that all other Ministers who are involved in housing the population, as well as all affordable housing providers, are working to an up-to-date population figure. Furthermore, the estimated demand needs to be adjusted to take into account the number of people qualifying every year under the current 10 year rule.

<sup>24</sup> Public Hearing with the Minister for Planning and Environment, Transcript, 9th July 2015

<sup>25</sup> Andium Homes, Written Submission, June 2015

<sup>26</sup> Public Hearing with Andium Homes, Transcript, 9th July 2015

Our adviser has made reference to the findings above within his own report and equally shares the concerns raised by the Stakeholders in their testimonies to the Panel. The Minister for Planning and Environment inferred that he may need to come back to the States Assembly nearer the end of the Island Plan period to examine whether any further zoning of land was necessary<sup>27</sup>. However, as our adviser has stated, the timeframe between the granting of planning consent and the completion of new homes takes on average between 18 months and 3 years. Consequently, the adviser has recommended that a list of additional sites for developing new housing on should be brought to the States by no later than December 2015. It is hoped that the list *“will make up for the shortfalls in the delivery of new homes by 2020 caused by delays in making starts on site at the former States-owned sites and/or re-zoned sites.”*<sup>28</sup>

**KEY FINDING:** Due to the delay in commencing development on former States sites and the re-zoned sites there is a strong possibility that the Island Plan target to deliver 1,000 affordable homes by 2020 will not be met.

**RECOMMENDATION:** The Minister for Planning and Environment should correspond with the Minister for Housing to bring forward a list of additional sites for new homes by December 2015, to ensure that the target for the delivery of 1,000 affordable homes by 2020 is achieved.

## **6.2 The role of Social Housing Providers**

Andium Homes has set out initial objectives in its Strategic Business Plan to deliver a net gain of 472 new affordable homes. The 472 new homes will be funded through the Public Bond issue that was established by the States of Jersey.

When Andium Homes (Jersey) Limited was created a £250 million bond was made available to fund the refurbishment of the existing social housing stock and develop more units. The majority of the bond (£207 million) is being used to bring the Andium owned homes up to Decent Homes Standards and re-develop existing sites to increase supply, and the remaining money is being used for the development of new sites (including re-zoned sites from the Island Plan).

As a result of the increasing numbers of individuals on the Affordable Housing Gateway waiting list and Andium Homes’ ensuing concern of unmet demand, the Company has set its own target of delivering an average of 100 new unit starts a year from 2015. Furthermore, we were advised

<sup>27</sup> Public Hearing with the Minister for Planning and Environment, Transcript, 9th July 2015

<sup>28</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

that Andium was also pursuing the potential development of other sites as well as the development of 30 new homes at Langtry Gardens. In its submission to the Panel, Andium informed us that these additional projects would not be funded from the Bond issue and would require a new funding mechanism. In December 2014, a 'Funding Report' was submitted to the Treasury and Resources Department setting out *"the scale of possible future development opportunities and the options for funding."* It is worth noting here that, whilst the additional sites that have been identified by Andium Homes would produce a substantial number of homes in the town areas, it is unlikely that they would be developed before 2020.<sup>29</sup>

Unlike Andium Homes however, other providers of social housing such as the Housing Trusts do not currently receive any financial support from the States for their delivery of affordable housing. The evidence we have received during our review suggests an overwhelming desire among housing providers for greater assistance from the States of Jersey in order to meet the demand for Category 'A' housing.

The Christians Together in Jersey Housing Trust presently own a total of 143 social-rented properties. For the past 12 months the Trust has been actively seeking new developments to meet its Strategic Plan objectives for future growth but has been unable to secure suitable sites. Whilst the Trust acknowledges that in the absence of a specific project it is unlikely that the States of Jersey will provide funding, it hopes to reapply for financial assistance once a site has been identified and purchased. It is the CTJ Housing Trust's view that it would be far better for all concerned if its funding could come from the States. In its testimony to the Panel, the Housing Trust advised that it strongly felt that the States of Jersey should:

- *"Deliver on its promise to work in partnership with the third sector and be supportive of the Trust in its activities and initiatives to provide good quality housing for the marginalised in our society;*
- *Be willing to help the Trust acquire and re-develop redundant office space in St Helier and in accordance with its strategic priorities;*
- *Prioritise the re-zoning of suitable sites for social housing via the Planning system and to offer incentives to developers to develop these sites.*"<sup>30</sup>

The Jersey Homes Trust (JHT) was set up in 1995 as a non-profit organisation to provide social rented homes for Island residents. Since then the Trust has either developed or acquired over 740 new homes, spread over 20 private-sector developments, with funds borrowed from local

<sup>29</sup> Public Hearing with Andium Homes, Transcript, 9th July 2015

<sup>30</sup> Christians Together in Jersey Housing Trust, Written Submission, June 2015

banks (over £100 million was borrowed in total). The Jersey Homes Trust is committed in principle to develop some “further badly needed” rental units in the next few years from its own resources.

The Chairman of The Jersey Housing Trust has expressed a similar view and within his testimony has also spoken about his wish for further support from the States of Jersey. The Chairman, Mr. Van Neste, feels that *“the States can have a ‘hands-on’ role in the delivery of affordable rental accommodation by understanding and supporting the role of affordable housing providers (Andium Homes and housing trusts). Jurisdictions in developed countries (UK and Europe) recognise the responsibility and invest substantial resources accordingly.”*

According to the Chairman, there has been very little development of Category ‘A’ rental homes in Jersey over the last six years which has resulted entirely from the withdrawal of States’ support for further development over that period. It is suggested that the lack of financial assistance has contributed to a big increase in acute housing shortage and increased poverty. Whilst Mr. Van Neste recognises that the establishment of Andium Homes may improve the situation, he is mindful that in order for this to happen, Andium must receive the further support it requires from the States of Jersey.<sup>31</sup> Our adviser spoke of the role of the housing trusts within his own report and expressed concern regarding their potential alienation:

*“All of the States funding (a residual sum of approximately £40 million for the housing bond) has been earmarked for Andium Homes’ projects. This has the risk of alienating the housing trusts and severely limiting the contributions which they can make now and in the near future. At least 3 of the housing trust have stated their willingness and desire to undertake new housing developments – this includes providing housing for vulnerable groups like ex-offenders.”*

The Panel received a copy of the draft Housing Strategy Framework in its draft format before it had gone out for consultation. We found it notable that, within the document, there was no mention of the role played by the Housing Trusts in the provision of affordable homes. During the Hearing with the Minister for Housing we were, however, advised that the Trusts would be consulted on the draft Housing Strategy.

**KEY FINDING:** The activities of housing providers need support, encouragement, direction and coordination.

<sup>31</sup> The Jersey Homes Trust, Written Submission, May 2015

**KEY FINDING:** In order to facilitate the further delivery of much needed social housing, it is imperative that the role of Housing Trusts is understood and supported by the Minister for Housing, the Council of Ministers and the Strategic Housing Unit.

**RECOMMENDATION:** The Minister for Housing should clearly communicate the role she expects the housing trusts to play in the future delivery and management of affordable housing in Jersey by October 2015.

### 6.3 The use of empty properties

As a means of identifying much needed affordable housing from existing housing stock, the SHU has proposed to review measures to bring long-term vacant homes back onto the market. The extent to which properties in Jersey are left vacant was revealed in the latest Census. For example, in 2011 one in fourteen (7%) of all private dwellings were vacant on census day, which equates to total of 3,103 dwellings. Of these, 63% were flats and 37% were houses and, as you might expect, the majority of vacant dwellings were found in St Helier<sup>32</sup>. A variety of reasons were stated for vacancy within the 2011 Census and these are shown in the table below:

Reason for vacancy	Percent
Between tenants	29
Second home/holiday home	23
Property being built or renovated	18
For sale	10
Resident deceased	6
Resident in care homes	5
Owner away long term	3
Other reason	6

Source: Table 3.4: 2011 Census Report

It is clear from the available evidence that a reduction in the vacancy rate from 7% to 5% could have a significant impact on the supply of housing, as it would mean that nearly 900 homes would be back into use. To put it into perspective, 900 houses would count for over two years' target for supply through development in the Island Plan.<sup>33</sup> Given Jersey's current housing

<sup>32</sup> Jersey Census 2011, Bulletin 3: Households and Housing

<sup>33</sup> Christine Whitehead, Opportunities for future supply, June 2014



shortage, we feel that greater effort should be made by the Strategic Housing Unit to identify the length of period homes are left vacant.

The correspondent of one written submission we received acknowledged the benefit of bringing vacant properties back into use:

*“Properties lying in dormant unkempt state for more than five years should be investigated. If the property is unused by the owner, maybe they could be encouraged to sell or renovate to assist with the housing shortage. Offer grants if they need them to renovate and let the grant be repaid when the property is sold.” (PW submission)*

In the UK there is now the option to charge higher council tax on properties that have been vacant for longer periods. For example, according to our adviser *“English councils can charge premiums of up to an additional 50% in council tax on dwellings empty for 2 or more years.”* However, to date there is little evidence on how successful this approach is in reducing vacancy.

At a Public Hearing, the Minister for Planning and Environment agreed that the matter of vacant properties needed further consideration. He told the Panel:

*“We do not want to build more than we have to and it stands to reason that if you have 100 properties on the Island which are empty for no good reason and you could have 100 families living in these properties, government should do all it can to make sure those properties are best used.”<sup>34</sup>*

In light of the evidence, our adviser has suggested that the Minister for Housing *“should investigate the possibility of bringing between 20 and 30 empty homes a year back into use, using a variety of tools including the introduction of an empty property tax or charging an annual sum in addition to the current parish rates. Any proposals should be ready for consideration by no later than January 2016, for inclusion in the budget and programme of work in 2016/17.”<sup>35</sup>*

**KEY FINDING:** A reduction in Jersey’s property vacancy rate by 2% would bring 900 homes back into the market. This would count for over two years’ target for supply through development in the Island Plan.

**RECOMMENDATION:** By January 2016, the Minister for Housing should investigate the possibility of bringing empty homes back into use using a variety of tools including the

<sup>34</sup> Public Hearing with the Minister for Planning and Environment, Transcript, 9th July 2015

<sup>35</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

introduction of a form of empty property tax or charging an annual sum in addition to the current parish rates.

## 7. THE PLANNING SYSTEM

Within her report of the housing situation in Jersey, Christine Whitehead advised that the volatile outcome levels of development on identified land suggested a case for “*further re-examination of the planning mechanisms to increase and stabilise delivery*”<sup>36</sup>. The evidence gathered during our review from various Stakeholders and members of the public infers a serious concern that particular planning policies are putting a constraint on the supply of housing in Jersey. Furthermore, others have suggested the need for the re-introduction of certain planning policies to ensure the timely delivery of affordable housing. We will consider these concerns in turn.

### 7.1 Tenure Split

Within the revised 2011 Island Plan the States adopted a policy which set out a requirement for the delivery of 80% Category ‘A’ affordable housing for rent and 20% Category ‘A’ affordable housing for purchase, on the newly re-zoned sites. Access to these properties would be controlled and managed through the States of Jersey Affordable Housing Gateway. According to the previous Planning and Environment Minister, the exact figures proposed for the tenure split were based on evidence, provided by the States Statistic Unit, to meet the current demand of housing. The issue was scrutinised at the Examination in Public, and the Planning Inspectors found no evidence or convincing argument to suggest a change to the proposal. The objective of the tenure split was to ensure that new homes met the Island’s specific housing needs.<sup>37</sup>

During our review we received evidence to suggest that the agreed policy on tenure split was having an adverse effect of discouraging land owners in offering their land for the development of affordable housing. Furthermore, we were advised that such requirements for re-zoned sites could lead to landowners and developers sitting on their land until the housing shortage became greater, in the hope that the imposed restrictions would be removed by the States. It is worth noting that, in this particular case, the landowners were willing to donate 40% of plots for social rented accommodation and 60% of land for first time buyer properties. Unfortunately, due to the requirements of the Policy, the landowners were discouraged from continuing and the field remains empty. The Panel was advised:

*“The States are being, or have been, somewhat neglectful in providing social rented accommodation, and they are now trying to correct the situation by penalising developers*

<sup>36</sup> Christine Whitehead, Options for Jersey Housing Policy, June 2014

<sup>37</sup> P.37/2014

*and the construction Industry, all of which is encouraging people not to offer land cheaply for development.*<sup>38</sup>

Within P.37/2014 (the Revised Draft Revision of the 2011 Island Plan) it stated that the Minister for Housing (previous Minister) would be happy to operate the Affordable Housing Gateway in a flexible way to support parish objectives and to meet local needs, whether that be for prospective occupants/purchasers with Parish links and/or age related requirement, i.e. for people aged over 55.<sup>39</sup> Despite this, and despite the landowners (referred to above) wish for their dwellings to be occupied by families within, or having a credible association to, the Parish, they were advised that families all over the island would be chosen from the Gateway waiting list and no priority would be given to people living with parish connections.

The provision of affordable housing is considered the highest priority to the Panel and indeed the States as a whole. It is therefore imperative that some flexibility is built into this particular Policy in order to encourage the timely development of re-zoned sites and so as not to deter the delivery of affordable housing, albeit it may be less than anticipated. This finding is supported by our adviser who believes that the Policy *“needs to be capable of revision and changed where a case can be made for this to happen.”*

We raised this particular issue at a Public Hearing with the Minister for Housing in June. The Principal Planner of the Strategic Housing Unit agreed that more flexibility was needed for future developments on re-zoned sites:

*“Absolutely. That was a short term supply that was given because of a review of the Island Plan that happened last year and obviously any future sites that may get re-zoned or be allocated for affordable housing will be given a split or a tenure type that is evidenced at the time.”*<sup>40</sup>

Our advisor has recommended that the Minister for Planning and Environment, in conjunction with the Minister for Housing, should review the impact of implementing the 80:20 rule for delivering new affordable housing on the identified re-zoned sites by March 2016. The adviser has also recommended that consideration is given to allowing affordable housing on additional sites to be developed at different ratios i.e. 100% for rent or including shared ownership homes in the definition of housing for sale.

<sup>38</sup> Mr and Mrs Cornelissen, Written Submission, June 2015

<sup>39</sup> P.37/2014

<sup>40</sup> Public Hearing with the Minister for Housing, Transcript, 19th June 2015

**KEY FINDING:** The Island Plan policy requirements for an 80:20 tenure split on re-zoned sites may have an adverse effect of discouraging landowners and developers from supplying any form of housing on the land.

**RECOMMENDATION:** By March 2016, the Minister for Planning and Environment should work with the Minister for Housing to review the impact of implementing the 80:20 rule for the delivery of affordable homes on re-zoned sites.

## 7.2 Regeneration of St Helier

The 2011 Island Plan contains policies which protect employment land (Policy E1) and Historic Buildings and Places (Policy HE1). Whilst the majority of those from whom we received evidence from during this review supported the principle of these policies, there was a concern that they often impeded the delivery of affordable housing and the objectives underpinning the regeneration of St Helier. Andium Homes commented on this particular issue within its testimony to the Panel:

*“These policies [E1 and HE1] have laudable principles but can act as a disincentive or barrier to urban regeneration projects which will already be relatively complex projects with land often owned by a large number of individuals and entities.”<sup>41</sup>*

The Chairman of The Jersey Homes Trust provided a similar viewpoint:

*“There is far too much protection for old and redundant buildings in St Helier. There is an unnecessary disincentive and obstacle for residential development. It is very detrimental to the orderly re-development of the Island’s infrastructure. It is also, ultimately, unsustainable and damaging to the very concept of protection. When common sense prevails great harm will have been done to St Helier.”<sup>42</sup>*

The Minister for Housing also recognised the need for flexibility with regard to the two policies:

*“...my thoughts are that buildings need to evolve, they need to be lived in and if you need to relax one policy going to another policy then I think you need to do it to get the best out of it for the community.”<sup>43</sup>*

The Island Plan recognises the likelihood that a significant number of commercial occupants of the new financial and business centre (Esplanade Quarter) will have to be re-located from other

<sup>41</sup> Andium Homes, Written Submission, June 2015

<sup>42</sup> The Chairman of The Jersey Homes Trust, Written Submission,

<sup>43</sup> Public Hearing with the Minister for Housing, Transcript, 19th June 2015

premises in St Helier. The Strategic Housing Unit acknowledges the potential opportunity of reclaiming some of this commercial stock for other uses, such as residential properties<sup>44</sup>. In order to minimise the risk of Policy E1 acting as a barrier to regeneration in urban areas, Andium Homes has suggested that the Minister develops an additional Supplementary Planning Guidance, in the form of a Master Plan for St Helier. It is envisaged that the Plan would identify key redevelopment zones where the requirements of Policies HE1 and E1 could be relaxed.<sup>45</sup>

In the view of our expert adviser, the use of redundant office space for future residential properties is an option that should be given serious consideration. It is however acknowledged that such projects would *“need considerable spending and careful, sympathetic design to make them suitable for residential purposes.”*

**KEY FINDING:** Current planning policies conflict with the objectives underpinning the regeneration of St Helier and act as a barrier to new urban housing projects.

**RECOMMENDATION:** The Minister for Planning and Environment should examine how Policies E1 and HE1 could be relaxed in certain parts of St Helier to encourage and facilitate new housing. This should result in the issuing of new supplementary planning guidance for St Helier by March 2016.

### **7.3 H3 Policy (Planning Obligations)**

A specific form of Planning Obligations Agreement (Policy H3) was intended to be introduced under the 2011 Island Plan which would require developers to provide a certain amount of affordable housing and/or financial contribution in order to boost affordable housing supply. However, the policy mechanism requiring a proportion of affordable homes as part of private housing development was never implemented. The development industry has always expressed concern that this policy was not viable, and that its implementation would risk land not being brought forward for residential development, thus further undermining the supply of homes. As a result, the revised 2011 Island Plan resulted in the withdrawal of this policy mechanism and stated that other ways of capturing development value would be explored. It is however unclear to the Panel whether this consideration has indeed taken place and, if so, its outcome.

<sup>44</sup> Draft Housing Strategy Framework, SHU

<sup>45</sup> Andium Homes, Written Submission, June 2015

Within his testimony to the Panel, the Chairman of The Jersey Homes Trust advised that *“attaching Planning Obligations for Category ‘A’ housing to planning consents is an excellent means of achieving delivery of affordable housing.”*<sup>46</sup>

Andium Homes was also supportive of the reinstatement of Policy H3 and the use of planning obligations for securing much needed affordable housing. Policy H3 faced significant industry opposition due to the wider economic conditions of that time. However, it has been argued that, in today’s economic climate, *“there should be no reason why such a policy should not be affordable now.”* According to Andium, since the draft Policy H3 was abandoned significant private Category B sites have been brought forward for development which would have, had Policy H3 been in place, delivered almost 60 new affordable homes. Thus, the Company is of the view that priority needs to be given to:

*“A revision of the Island Plan to introduce a policy which requires private landowners to provide a proportion of affordable housing in Category B private development sites or a commuted sum ring fenced for use in the development of affordable housing. It should be recognised that the use of commuted sums should be the exception rather than the norm as on its own a commuted sum will not provide any additional housing unless there is land on which to invest in development.”*<sup>47</sup>

The Strategic Housing Unit has committed to undertaking a further review into the issue of Planning Obligations Agreements and will be working with the Treasury and Environment Departments to review the policy options for increasing affordable housing supply through such arrangements (on-site policy or levy policy).

The Minister for Planning and Environment has however recognised the need to tread carefully as there is a concern that the reintroduction of Policy H3 could stop any economic regeneration or any supply of housing. The Minister advised:

*“I think we have to be seen to be working with the industry. It does not mean to say that we have to be, you know, in each other’s’ pockets and what have you, but, I mean, the one thing we can see from policy H3 is that when this was produced the industry and the land owners and developers said this is not going to work and it did not work.”*<sup>48</sup>

Our adviser is broadly in favour of the use of planning obligations. However, he also recognises that in order for such a policy to work it needs to be sensitive to local circumstances and guided

<sup>46</sup> The Jersey Homes Trust, Written Submission, June 2015

<sup>47</sup> Andium Homes, Written Submission, June 2015

<sup>48</sup> Public Hearing with the Minister for Planning and Environment, Transcript, 9th July 2015

by pragmatism. For instance, it is advised that *“an inflexible policy which prevents new developments from proceeding and achieves very little or no new affordable housing can prove to be counter-productive.”* It was further advised that in order for a working policy to be put in place, a meaningful dialogue would need to take place first with landowners and developers, with all sides willing to compromise. Consequently, our adviser has recommended that:

*The Ministers for Housing and Planning and Environment should enter into a dialogue with representatives of landowners and developers to see if there is a way out of the current impasse. The dialogue should be wide in its scope and flexible in its nature, to see if a deal can be struck based on compromise all around. The ultimate aim should be to ensure the 1,000 new affordable homes by 2020 can be met.”<sup>49</sup>*

**KEY FINDING:** Policy H3 could undermine the delivery of affordable homes if it is too onerous. In order for it to be a workable policy, it must be applied in a sensitive and pragmatic manner.

**RECOMMENDATION:** The Minister for Planning and Environment should ensure that a meaningful dialogue with landowners and developers takes place before any planning obligations are applied to new builds. It is imperative that all parties work together to achieve the objectives set out in the Island Plan.

#### **7.4 Land “hoarding”**

As we have previously mentioned, one of the most pressing concerns in Jersey is around volatile completion rates for new builds, despite additional land having been identified within the revised 2011 Island Plan. Among other things, there is a concern that land owners and developers ‘bank’ identified land to maximise the profits rather than to ensure a stable flow of new build housing.

In some countries these issues of land hoarding are addressed in part by tax arrangements to increase the costs of holding land off the market. Last year the Labour Party proposed a ‘use it or lose it’ approach to delays in development. However, the evidence suggests that effective incentives are hard to determine and to implement because of the many reasons for delay other than ‘hoarding’ land. Nevertheless, Christine Whitehead advised the housing Department that there was a *“case for looking at possible approaches in the Jersey context, especially if transparency around contracts and development decisions could be increased. An alternative is to look at greater use of Compulsory Purchase Orders (CPO) powers.”<sup>50</sup>*

<sup>49</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

<sup>50</sup> Christine Whitehead, Options for Jersey Housing Policy, June 2014



There is currently provision with the Island Plan to use a CPO in the event that re-zoned sites do not come forward for development. This provision was proposed by the previous Minister for Planning and Environment in the revision to the Island Plan in order *“to reinforce the intent to deliver much-needed homes by direct government intervention, if necessary.”*<sup>51</sup>

The current Minister for Planning and Environment has recently expressed annoyance about developers ‘playing’ the planning system by making several repeat applications with minor amendments or having plans approved but leaving sites dormant for years. There are currently an estimated 2,000 unused planning permissions on the Island. In order to deter would-be developers from land banking, the Minister has suggested reducing the current five-year time-limit before a permission lapses and/or adding a charge for planning permission extensions<sup>52</sup>. Furthermore, the draft Housing Strategy Framework suggests that consideration may also be given to allowing parishes to levy a charge equivalent to rateable value if land allocated in a plan with or without planning permission is not brought forward within a certain timeframe.<sup>53</sup>

Andium Homes spoke of this issue extensively within its written testimony to the Panel. The majority of concern expressed by the Company was in fact to do with the landowners of re-zoned sites holding out for the best price in the knowledge that the demand for their land would increase with time. For instance, they advised:

*“Rezoning appears to be an unconditional and irreversible step which hands the land owners a significant uplift in land value for absolutely no effort but then leaves it to the land owner to decide when to have their site developed.”*

In 2014, during the debate of the Revised 2011 Island Plan, the States did not approve 3 of the original 7 sites that had been proposed by the then Planning and Environment Minister for Affordable Housing development in Polices H1 and H5. Since then no proposals have been made by the Minister to address the shortfall in supply or identify additional sites. It is Andium Homes’ view that this decision, taken by the States in 2014, has contributed to the issues currently faced in regards to delayed development:

*“There are inherent risks in having an Island Plan Policy which rezones the absolute minimum amount of former agricultural land necessary; or even less than is required, as was the case in 2014. This makes the approved sites so valuable in terms of supply that the land owners and developers are presented with an incentive to hold out for best price and*

<sup>51</sup> Revised 2011 Island Plan, 2014

<sup>52</sup> JEP Article, 18th April 2015

<sup>53</sup> Draft Housing Strategy Framework, SHU

*there are no additional policy levers to create an incentive for early development. This leads to inevitable delays in the delivery of homes. Whilst the Island Plan makes provision for compulsory purchase where land owners do not come forward with development proposals in a timely manner, there would appear to be little appetite for this degree of intervention.*<sup>54</sup>

Whilst it is acknowledged by our adviser that a reduction in the expiry period of a planning permission may work in some instances where decisions are finely balanced, he does not feel that this proposal will “*have a significant impact on decisions by landowners and developers...as the fees comprise a small part of the total development cost.*”<sup>55</sup>

As with other issues discussed within our report, there does not seem to be a ‘one size fits all’ solution to the current problems we are facing with undeveloped land. When considering the introduction of any incentives to encourage those with planning permission to build there is a danger that developers may delay bringing applications forward to begin with until there is greater certainty of a development going ahead. Therefore, a balance must be struck in order to facilitate the timely provision of affordable housing.

During our Public Hearing with the Planning and Environment Minister, he advised that he was “*looking at ways to encourage people to actually build what they apply for.*”<sup>56</sup> In order to encourage development, our adviser has suggested that the Minister for Planning and Environment could ease the obligations or conditions on developments to make them more attractive or provide incentives. The following options have been recommended for consideration:

- *Parish rates could be levied annually on undeveloped sites with planning permission for new homes, equivalent to the sum of the rates to be charged on the number of new homes with consent;*
- *“The States could establish its own housebuilding company;*
- *Andium Homes should be encouraged to build housing for sale (perhaps to cross subsidise the construction of affordable housing) on land transferred to it;*
- *A joint venture company could be established with an existing house builder to build housing on land already owned by the States, or acquired for this purpose;*
- *Land could be acquired by the States (possibly using CPO powers) and disposed of to developers and/or affordable housing providers, with payments deferred until the new houses are sold or let (and any profits shared with the States?); or*

<sup>54</sup> Andium Homes, Witten Submission, June 2015

<sup>55</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

<sup>56</sup> Public Hearing with the Minister for Planning and Environment, Transcript, 9th July 2015

- *Subsidised development land could be provided to those willing to build affordable housing.*<sup>57</sup>

**KEY FINDING:** There is not a ‘one size fits all’ solution to the current problems we are facing with ‘land hoarding’.

**RECOMMENDATION:** By March 2016, the Minister for Planning and Environment should work closely with the Minister for Housing and Minister for Treasury and Resources to review the initiatives proposed by our expert adviser and agree a set of incentives for encouraging the timely development of identified land.

### **7.5 Parking spaces, Lifelong Homes Standards and Density level requirements**

The current policy for new housing is to focus development on the urban area of St Helier and, to a limited degree, on a number of former greenfield re-zoned on the edge of the built-up area. This overarching policy is supported by a number of supplementary policies that impose requirements on areas such as; density levels, the provision of car parking spaces and building all new homes to Lifelong Homes Standards.

During the Public Hearing with the Minister for Housing we were advised that the planning guidance currently in place proposed a parking standard of one space per unit. The guidelines themselves state *“the standards are set down for guidance only and it is not the intention to produce a set of inflexible rules which are not unnecessarily restrictive.”*<sup>58</sup> Andium Homes has for example developed a number of its own sites to a parking specification of 0.7 spaces per unit. It is however unclear as to exactly how flexible the current guidelines are and what the minimum requirement would be for residential parking.

Our expert adviser expressed concern that the current parking space requirements were adversely impacting on the supply and affordability of housing:

*“In the urban areas it is mainly flats that are being built, but it is becoming increasingly difficult to find the land at ground floor levels to comply with the requirements for car parking spaces (0.7 to 1 parking space per unit of accommodation), while building underground car spaces are very expensive. We heard of several instances where underground parking was being provided at extremely high cost – in one example, each parking space was costing*

<sup>57</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

<sup>58</sup> Supplementary Planning Guidance, Policy Note:3, September 1988

*the equivalent of £50,000 which is an extraordinarily high on-cost to place on a housing scheme, damaging its financial viability and forcing sales prices up.*<sup>59</sup>

We asked an officer of the Strategic Housing Unit whether flexibility is required if the idea of converting redundant offices into homes was going to work and he advised:

*“Certainly, absolutely...quite often if you put on too much of a requirement for parking on a tight site then it just will not happen. You will not get the residential development coming out of that site. There is clearly a policy in the Island Plan that expects that old, worn out office stock is to be replaced with residential stock going forward in times as the office area moves south towards the waterfront. So that is something that would probably be restricted if there was too much of an onerous parking requirement on some of these tighter sights.”*<sup>60</sup>

Technical Guidance Document Part 8 ‘Access & Use of Buildings’ issued by the Minister for Planning and Environment under The Building Bye-laws (Jersey) 2007 imposes minimum requirements for all new homes to be built to Lifetime Homes standards (accessible and adaptable). One of the many objectives of the changes to the Bye-laws is to make the dwelling adaptable to the occupier’s long-term needs and to incorporate features that will enable occupants to cope better with reducing mobility and to ‘stay put’ longer in their own homes. Andium Homes advised that these requirements are *“laudable and clearly provide opportunities for occupants to continue to live independently as their needs change over time.”*<sup>61</sup> The Chief Executive Officer of the Planning Department also spoke about the positives of these requirements:

*“I think the lifetime cost of a home, if we can keep people in their homes, in their community, being cared for in their homes for a longer period of time, because of the standard of their housing, it will help our costs elsewhere within the government system, so we are not moving people out of a tiny, confined home into a residential care setting, or forcing a move when people do not need to do it.”*<sup>62</sup>

Whilst we support the principle behind the requirements and acknowledge the importance of accommodating our ageing population, we are unsure of the necessity to build every home to this standard. During the evidence gathering stage of our review, our adviser was informed by a developer that the requirement to build houses to Lifelong Homes standards added 15% to the overall construction cost and thus to the sale price of properties. To the contrary, the Officers at

<sup>59</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

<sup>60</sup> Public Hearing with the Minister for Housing, Transcript, 19th June 2015

<sup>61</sup> Andium Homes, Written Submission, June 2015

<sup>62</sup> Public Hearing with the Minister for Planning and Environment, Transcript, 9th July 2015

the Planning Department advised us that the cost of building to these requirements was far less. For us, however, the important issue to consider is whether the requirement for Lifelong Homes standards should impact on the affordability of houses for those who may not require such accessibility or adaptability. For instance, our adviser has questioned whether there is a need for all starter homes, designed and built for First Time Buyers, who tend to be younger and fitter than other residents and remain at a property for a shorter period of time, to be built to these standards.

The actual number and size of homes built on Category 'A' Affordable Housing sites is determined through the planning process, involving the preparation of a housing development brief for each site, to be approved by the Minister for Planning and Environment and issued as supplementary planning guidance. The development briefs will guide the delivery of homes on these sites and, among other things, will address design matters such as density.

The supplementary planning guidance that was issued alongside the Island Plan states that a tall building should not be higher than its immediate neighbours – this does not necessarily mean in comparison with adjacent buildings but rather buildings within its neighbouring character area.<sup>63</sup> The revised Island Plan is very explicit in that unless higher, more land-efficient densities are realised on all development sites, it will not be possible to meet all of the identified needs for housing without re-zoning additional housing sites.<sup>64</sup> Despite this, it does not appear that developers have been permitted to build higher blocks of accommodation in St Helier.

With regard to this matter, the Minister for Planning and Environment advised that the Department was *“slowly developing a policy which is going to allow us to build higher because we are going to have to...if we are going to build 2 or 3 storey buildings in Jersey, we will end up covering the whole Island. What we need to do is, you know, we have a green and pleasant land and we will have to build more in town. Build higher in town.”*<sup>65</sup>

In order to ensure that none of the existing planning policies are creating unnecessary obstacles for providing new housing schemes in St Helier, our adviser has proposed that the Minister for Planning and Environment should undertake a review to assess whether they are 'Fit For Purpose' and delivering the required outcomes, by March 2016.

**KEY FINDING:** The current planning policies that set requirements for parking spaces, density levels and Lifelong Homes standards may hamper the delivery of affordable housing.

<sup>63</sup> Public Hearing with the Minister for Planning and Environment, Transcript, 9th July 2015

<sup>64</sup> The revised 2011 Island Plan, 2014

<sup>65</sup> Public Hearing with the Minister for Planning and Environment, Transcript, 9th July 2015

**RECOMMENDATION:** By March 2016, the Minister for Planning and Environment should ensure that the current planning policies are 'fit for purpose' and do not conflict with the objectives of the Island Plan and, in particular, the provision of affordable housing in St Helier.

## 8. ACCESS TO AFFORDABLE HOUSING

By separating supply of housing and affordability of housing into different chapters we are not ignoring the inherent link between the two. We acknowledge that without consistent supply of homes house prices will increase – helping established owners but making it even harder for new entrants to gain access to the housing market. It has been evidenced that the *“affordability of housing, whether rented or brought, will itself vary with the balance of demand against supply. Affordability will in turn be determined by the state of the economy, employment, incomes, the price and availability of credit and expectations.”*

Access to affordable housing is managed through the Affordable Housing Gateway, which is used by all of the affordable housing providers, except the Parishes. According to the Strategic Housing Unit, the majority of applicants of the Gateway are seeking rental accommodation.<sup>66</sup> The rent levels in the social rented sector have not long returned to 90% equivalent of the open market rent levels for new tenancies. During our review we have received written testimonies expressing concern about the implications of the recent increase. We will consider these next.

### 8.1 90% Market Rental Policy

In 2013, the States agreed a Proposition (P.33/2013) that was brought to the States by the Council of Ministers which proposed a return to the former States policy of near market rents for social housing. The Housing Strategy for the 1990s (P.142/1991) made clear that ‘fair rent’ levels should be set to near market equivalents and for many years this has, in practice, been taken to mean that a ‘fair rent’ should be set at 90% of the open rent price. However, previous political decisions to limit increases in ‘fair rents’ have had the inverse effect of widening the gap between those and comparable open market rents. As a result, the average rent of a home in the social rented market decreased to around 70% of its market equivalent.

It was the view of the Council of Ministers that the 90% near market rent policy would enable social housing providers to provide homes on a sustainable basis that would track market prices, but not drive inflation in the wider property market. Furthermore, it was also envisaged that the increase in social housing rents would help to support both development costs and land acquisition in respect of affordable housing sites that were identified in the 2011 Island Plan.<sup>67</sup>

<sup>66</sup> Draft Housing Strategy Framework, SHU

<sup>67</sup> P.33/2013

The increase in rental levels to 90% of the market price only impacts those tenants moving to new rental accommodation. Additionally, those tenants in receipt of the full housing component of Income Support continue to have the full amount of their rent paid for and therefore will not be financially impacted by the re-introduction of this policy. The Strategic Housing Unit has advised that 64% of Andium Homes' tenants receive Income Support and are therefore supported with the additional rental cost through Government funding. The other 30% will meet the costs directly.<sup>68</sup>

It is our understanding that all of the Housing Trusts, apart from Les Vaux Housing Trust, have signed up to the new 90% market rent policy. In its testimony to the Panel, Christians Together in Jersey Housing Trust (CTJ) expressed concern that the policy will in the future affect both the affordability and supply of homes:

*“Currently there are a number of our existing tenants registered with the Affordable Housing Gateway looking to downsize from their current accommodation. The two largest social housing providers apply the new rent policy to all new tenancies, including tenancies created when an existing social housing tenant downsizes to smaller accommodation. This creates a disincentive for tenants to downsize if their rent is either likely to increase or remain around the same level. Whilst this will not affect those in receipt of income support, it will inevitably lead to an increase in under-occupation for those who are not. Our Trust has taken the view to exercise discretion by allowing existing tenants to downsize without increasing their rents to 90% of market rent, in order that we make the best use of our housing stock. This is an area that requires further thought across the whole social housing sector, so that we do not see a reduction in the number of 3-4 bed homes being made available due to those currently under-occupying choosing to remain in their current accommodation.”<sup>69</sup>*

One written submission we received from a member of the public highlighted the risk that the 90% market rental policy would encourage more people to rent in the private sector and/or encourage private landlords to increase their rents to reflect the difference in the two sectors. It was noted that the rationale for social housing is to accommodate those unable to afford the rent in the private sector. We were advised:

<sup>68</sup> Correspondence from Andium Homes, June 2015

<sup>69</sup> Les Vaux Housing Trust, Written Submission, June 2015



*“With such exorbitant rents being charged you will not have to worry about the supply of homes because few people will be able to afford them and, those that can will probably rent in the private sector.”<sup>70</sup>*

The private rental sector is not governed by any controls. Rent levels are only subject to market forces and the discretion of landlords. Therefore, if the cost of private sector rents were to rise at a fast rate, affordable rentals would raise with them. In all instances, this outcome would be undesirable as the rent levels would move further away from affordable criteria.

Our expert adviser addressed this matter, and some of the concerns that arose during the review, extensively within his own report. He commented:

*“The new housing strategy framework document acknowledges the high cost of private sector rents and the financial stress these cause to those on average and below average incomes. The difference between 100% and 90% of a market rent is possibly not sufficient to make the latter ‘affordable’ for those who are unable to buy their own home. There is a danger that the higher rents could result in the following sorts of outcomes:*

- *tenants on income support are discouraged from seeking paid employment and earning above income support levels;*
- *tenants who under-occupy their current home are discouraged from transferring to smaller accommodation; and*
- *new tenants who earn just over the threshold for receiving benefits have to pay the full rent, and do not enjoy any means tested discount based on a taper.”<sup>71</sup>*

In view of the concerns raised there is justification for further monitoring of the Policy to ensure there are no unintended consequences. However, it is acknowledged that the Policy has not been long in place and some time is needed before you can assess the true effects of the rental increase – positive and negative. Our adviser has recommended that *“the Housing Minister should review the impact of the new affordable rents on existing and potential tenants and identify any unforeseen or unwanted consequences, brought about by the changes to the affordable rent policy and its future operation. The review should be completed by March 2016 and should identify any corrections of unintended and unwanted outcomes.”<sup>72</sup>*

<sup>70</sup> Mr D. Eves, Written Submission, June 2015

<sup>71</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

<sup>72</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

**KEY FINDING:** It is unclear what impact the new 90% market rental policy will have on new and existing tenants and the overall rental housing market.

**RECOMMENDATION:** The Minister for Housing should closely monitor the impact of the 90% market rental policy on tenants and report to the States Assembly by March 2016. The report should identify any unforeseen or unintended consequences of the affordable rent policy and should propose ways to overcome them.

Before we move on to consider another issue, it is worth noting here that none of the above areas of discussion are applicable to those who do not hold housing qualifications in Jersey. Individuals who have been in the Island less than ten years are unable to purchase property and have limited access to rental accommodation. Furthermore, individuals that have been in the island less than 5 years are not eligible for social security benefits so must pay rents from their own resources. Such households will often have higher rental costs than average and live in poorer housing conditions. One respondent, from whom we received a written submission from, has voiced concerns regarding our current housing system and argues that it strongly discriminates against new, Jersey residents:

*“...more than 10,000 working adult residents in Jersey without qualifications are unable to rent or buy proper living accommodation – although they contribute local tax and social security payments and contribute a substantial amount in “rents” to lodging house owners and others. The [housing] laws don’t actually prevent immigration but just make it difficult for most “newcomers” to enjoy proper housing accommodation on an equitable basis.”<sup>73</sup>*

We have been advised that as part of the Housing Strategy, the Strategic Housing Unit has committed to reviewing the arrangements for residents in the unqualified sector *“to see if a more equitable system can be developed.”<sup>74</sup>* It is noted however that the Strategy will not seek to review the regulations related to purchasing property, only rental.

**KEY FINDING:** The Strategic Housing Unit has committed to reviewing the current housing arrangements for unqualified residents. The Panel will await the results of this review to determine whether any further Scrutiny work needs to be undertaken.

<sup>73</sup> Mr M. Dun, Written Submission, July 2015

<sup>74</sup> Draft Housing Strategy Framework, SHU

## 8.2 Preservation of Affordable Housing

A positive approach which has been taken to assist entry into owner-occupation is the identification and provision of Category 'A' homes for purchase. Although we have previously spoken about the current shortage of affording homes and delays in development of identified land, recognising the need for further land in the revised 2011 Island Plan was a step in the right direction. However, without the ability of ensuring that affordable homes are maintained as affordable in perpetuity, we are unable to secure these homes for future generations of first time buyers.

The 2014 review of the 2011 Island Plan stated that all affordable rental and homes for purchase developed on H1 and H5 sites<sup>75</sup> would be retained as affordable homes in perpetuity through a planning obligation agreement which would require all occupiers to be allocated through the Affordable Housing Gateway. Despite this the review went on to say:

*“A new legal framework is being developed to ensure that the affordable housing unit is occupied by those whose eligibility is assessed through the Housing Gateway. This work is underway and running in parallel to this interim review of the 2011 Island Plan so that it is in place when the first home is sold.”<sup>76</sup>*

The extent to which this new legal framework has been developed is, however, unclear. The draft Housing Strategy Framework advises that *“the SHU have commenced preliminary discussions with the Law officers Department in bringing forward amendments to the relevant law(s).”* Nevertheless, no indication has been provided as to whether the law changes will be in place in time for the sale of the first property. In its testimony to the Panel, Andium Homes advised:

*“There is a need to ensure that all new affordable homes created, particularly those developed on H1 and H5 sites are preserved as affordable homes in perpetuity and priority needs to be given to establishing an appropriate legal mechanism which must be established prior to the first home being available for sale.”<sup>77</sup>*

**KEY FINDING:** Without the ability of ensuring that affordable homes are maintained as affordable in perpetuity, we are unable to secure these homes for future generations of first time buyers.

<sup>75</sup> H1 relates to the development of affordable housing on currently owned States sites and H5 relates to the small scale development of housing on former greenfield, re-zoned sites in rural areas.

<sup>76</sup> Revised 2011 Island Plan

<sup>77</sup> Andium Homes, Written Submission, June 2015

**RECOMMENDATION:** The Minister for Housing must give priority to establishing a new legal framework for retaining properties in the affordable housing sector. The legal framework must in place prior to the first house being sold, as stated in the 2014 review of the 2011 Island Plan.

### ***8.3 Supporting entry into homeownership***

It is important to note that housing affordability issues are not just confined to high need households, who are in receipt of income support payments. Moderate income households are also affected by these issues and many face difficulties transitioning from private rental to home ownership. Hence, a fundamental concern that is in need of consideration is the extent to which households in different income groups have problems accessing home ownership. The States of Jersey Statistic Unit are responsible for reporting on the affordability of housing. The most recent report available is the Jersey Housing Affordability Report 2013. A number of the findings from this report are summarised below:

- In 2013, almost half of all working households could not afford to service a mortgage affordability on the purchase price of a property at the lower quartile price, a greater proportion than in 2011 and 2012.
- The average price of a three-bedroom house is seven times the average household income.
- A two bedroom flat is five times average household income.
- Single owner households are very constrained, particularly so for couples and for households with children. On less than median earnings, only those with substantial deposits could hope to buy anything other than a one bedroom flat.
- Early entry to owner occupation would appear to be necessary if a home owner is to progress from a one or two bedroom flat to a three bedroom house, unless they have access to a substantial deposit from non-housing sources.
- In the current housing market in Jersey, a couple with children trying to move from the private rented sector to become home owners would struggle to afford a 3 bedroom property.
- In 2013 housing affordability in Jersey worsened marginally compared to 2011 and 2012 due to increases in the overall median selling price and mean mortgage interest rate.

The following submission highlights the challenges faced by many islanders who are trying to access the homeownership sector:

*“Rental properties also have an impact on the property market. Paying extortionate rents and trying to save for a deposit is a daunting and almost impossible task so that some individuals give up hope completely of ever owning a home and resign themselves to a life in expensive rental accommodation because there is no other way forward.”<sup>78</sup>*

This point is elucidated by the fact that in 2013 more than half (56%) of lower income households living in private rental or non-qualified rental accommodation were considered as being in ‘housing stress’, the highest proportion of all tenure categories; (spending more than 30% of their income on rent).<sup>79</sup>

It is clear that the fundamental problem for those trying to enter owner-occupation is that house prices are out of line with incomes, giving rise to a major affordability problem for those without significant deposits or family support. Furthermore, people paying significantly high rents are obviously unable to utilise these funds towards the purchase of their own properties. In many cases, the rental payments are higher than that of a mortgage.

The majority of those from whom we received evidence from during this review made reference to, and stressed the need for, housing schemes which supported those individuals trying to get onto the property ladder but unable to do so due to financial restrictions and a lack of meaningful States organised schemes. In order to highlight the scale of the potential first time buyer market; in 2011 1,150 concealed households expressed a desire to be First-Time Buyers (FTBs). Approximately 90% of such potential FTB households, corresponding to a total of some 1,000, expressed a desire to purchase property at less than £350,000.

In the past, a number of schemes have been run by the States of Jersey which have provided some assistance in this area. The Deposit Loan Scheme, for instance, helped lower income households find the required deposit. The aim of the scheme was to help first time buyers who couldn’t afford to make monthly mortgage repayments but had saved at least a 5% deposit, by lending up to a further 15% as an interest free deposit loan. The scheme was successful in making homeownership a reality for 54 families who would not have been able to afford to buy a home without assistance. Unfortunately, the scheme did not have the funds to support it and was not continued past its trial stage; in total the scheme cost the government £3million.

<sup>78</sup> Anonymous, Written Submission, June 2015

<sup>79</sup> Jersey Housing Affordability Report 2013, States of Jersey Statistics Unit

In her election speech in 2014, the present Minister for Housing advised that she would like to work closely with the Chief Minister and the Minister for Treasury and Resources to introduce a similar scheme. Furthermore, in a Public Hearing with the Minister in June we were told:

*“Going back to the deposit loan scheme, I think that was done a couple of years ago and that was very successful. I would like similar or, as I said, other products going forward but we need to find money for that and as we are in this financial climate it is not going to be easy and I think the next couple of months we need to sit down with Treasury to see if we can think of ways of having some money available for that instance.”<sup>80</sup>*

**KEY FINDING:** The Panel was advised that the Minister for Housing is actively reviewing the possible re-introduction of the deposit loan scheme.

Another scheme that was run in the past, which many think was successful, was the Jersey Homebuy programme. The programme allowed lower income households to purchase a proportion of their home through a traditional mortgage (65%) and the rest through an equity share provided by the government (35%). This form of immediate housing offered an opportunity for those individuals who could not afford to purchase a First Time Buyer home in the open market and were also not eligible for social rented housing. It is our understanding that, due to limitations in Jersey’s property Law, the scheme was unable to continue running.

Many of those from whom we heard from during the review were fully supportive of the resumption of a type of shared ownership scheme. The Chairman of the Jersey Homes Trust advised us that *“very few schemes for shared ownership have occurred. Jersey property law is not helpful. The States should pass enabling legislation to bring us into the 21<sup>st</sup> Century.”*

Similarly, the Chairman of Les Vaux Housing Trust advised us:

*“Shared ownership schemes offered by the States of Jersey to first time buyers have been successful in the past and need to be re-introduced, provided that any legal loopholes arising from previous schemes have been resolved.”*

One key element of the Christians Together in Jersey Housing Trust’s (CJT) strategic vision is to provide homes to young people on a shared equity basis. Thus, the Trust is keen to see any required changes in Jersey’s property Law to be completed this year.<sup>81</sup> Furthermore, in order to help facilitate the running of a shared equity scheme, CTJ suggested that *“further research could*

<sup>80</sup> Public Hearing with the Minister for Housing, Transcript, 19th June 2015

<sup>81</sup> Christians Together in Jersey Housing Trust, Written Submission, June 2015

*be undertaken by the States to ascertain the proportion of different bed size/type of accommodation which has the strongest appeal for shared equity schemes and co-ordinate this information with the development of future sites.”*

Interestingly, Jersey’s Housing Assessment 2013-2015 revealed that two-thirds of the total demand amongst first time buyers is for houses, particularly two- and three-bedroom houses. One third of the demand from first-time buyers is for flats.

During a Public Hearing, the Minister for Housing indicated that it was likely that the changes to the property Law would be completed by the end of the year. Moreover, the Minister stressed the importance of ensuring that any house that is sold as part of a shared equity scheme remains in the scheme in perpetuity.<sup>82</sup>

With regard to the evidence received, our adviser has recommended that *“the Minister for Housing should press for an early resolution of the legal issues which are preventing the introduction of shared ownership and to require conditions in the leases to be used which retain the properties in the affordable housing sector.”*

**KEY FINDING:** Currently there is very little housing available locally for purchase on a discounted price, shared equity or shared ownership basis. This makes it particularly difficult for people who do not qualify for affordable housing via the Gateway and would like to buy, rather than rent privately.

**RECOMMENDATION:** The Minister for Housing must ensure that the required changes to property Legislation, to enable the introduction of a shared ownership scheme, are brought to the States for approval by the end of 2015.

The Strategic Housing Unit has recognised that, to date, there has been an inconsistent approach in developing housing schemes in terms of the eligibility/access and levels of supply. Accordingly, the SHU is keen for the Strategy to establish a more consistent approach in addressing this particular sector of the housing market. The draft Housing Strategy Framework advises that the Strategy will deliver a wide range of housing products and that work has already begun to examine how these could be achieved. We are pleased to hear that consideration has been given to a number of different schemes because, as the Minister advised, *“you need to be a bit more flexible. It is not one scheme that will fit everyone’s needs.”*<sup>83</sup>

<sup>82</sup> Public Hearing with the Minister for Housing, Transcript, 19th June 2015

<sup>83</sup> Public Hearing with the Minister for Housing, Transcript, 19th June 2015

The Delivery Plan specifically identifies shared equity/ownership and deposit loan schemes as initiatives to be explored. With regard to the Delivery Plan, our adviser has suggested that action point 1.2 is extended to refer to other help to buy schemes, including funds for equity loans and mortgage guarantees, aimed at first time buyers on a means tested basis.<sup>84</sup>

**KEY FINDING:** It is important that consideration is given to a wide range of schemes that will support individuals who are trying to gain access onto the property ladder.

**RECOMMENDATION:** The Minister for Housing should amend action 1.2 of the Delivery Plan to include consideration of additional help to buy schemes such as funds of equity loans and mortgage guarantees.

#### **8.4 Key Worker**

Key Workers in the Island are also severely affected by affordability issues and often find themselves unable to afford to rent or purchase property. According to the Jersey Housing Affordability Report, in 2013 the individual earnings for any of the key workers considered were not sufficient to service a mortgage affordably on the purchase of a property at the lower quartile price in Jersey. Of the three types of key worker considered in the analysis (police, nurses and teachers), affordability issues were most severe for teachers and nurses. The earnings of a nurse or teacher amounted to less than three-quarters of the income required to service a mortgage affordably on the purchase of a dwelling at the lower quartile price.<sup>85</sup> It is worth noting here that affordability is just one of a number of wider issues (such as the condition of existing stock) that needs to be considered to help improve the housing situation for key workers.

Andium Homes has recognised the vulnerability of Key Workers in Jersey and the difficulties many of them face in accessing affordable housing. As a result, Andium has suggested changing the accommodation that is currently available to Key Workers, and in particular new migrant Key Workers, by offering them access to affordable rental homes and the opportunity of purchasing on its Deferred Payment Scheme. It has further been suggested that this change could form part of a new Key Worker recruitment and retention strategy.

Currently, Andium Homes offers some properties for sale through a deferred payment scheme. The deferred payment scheme currently identifies States properties which may be sold to anyone registered with the Affordable Housing Gateway in Band 5. The scheme offers those registered in

<sup>84</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

<sup>85</sup> Jersey Housing Affordability Report 2013, States of Jersey Statistics Unit



Band 5 the opportunity to purchase a property from the Department for as little as 75% of the first time buyer market price, subject to means testing.<sup>86</sup> The Company has recently completed its 100<sup>th</sup> Deferred Payment sale and has “*made a commitment in its business plan to sell an average of 15 homes a year on this scheme.*” In order to help bridge the affordability gap for buyers, Andium Homes would also be keen to introduce, alongside the deferred payment scheme, a ‘Top-up, Deposit Loan’. The Deposit loan would offer a maximum of 10% of the property value to be repaid at a fixed interest rate over a 10 year period.

It has however been recognised that in order for the scheme to be extended to Key Workers an adequate supply of new affordable housing must be forthcoming. Andium Homes has also stated that these changes would be subject to there being a clear definition of Key Worker and an established Key Worker Strategy.<sup>87</sup>

We have been advised by the SHU that the intention is for the Housing Strategy to set out a definition of Key Workers together with the development of an associated housing policy. It is our understanding that consideration will also be given to extending access to the Affordable Housing Gateway to Key Workers by creating their own separate Band. We feel that this would be a positive step forward in supporting individuals, who play an essential role within our community, in accessing affordable housing.

**KEY FINDING:** Extending the Affordable Housing Gateway to Key Workers, in order to enable access to affordable housing, is considered a positive step forward.

### **8.5 Mortgage Lenders**

An individual’s ability to gain access to the property ladder is often effected by the available mortgage market and factors such as interest rates can contribute hugely to the overall cost of home ownership. In Jersey there is a limited choice of active lenders, particularly for those seeking a first time buyer’s mortgage, and the rates are far less attractive than those offered on the mainland UK. For instance, the lowest interest rate for a 2 year fixed rate with a 10% deposit in Jersey is 3.29% (HSBC)<sup>88</sup>. By contrast, Andium Homes found that “*comparison websites looking at available mortgages in the UK suggest that there are a plethora of 2 years fixed rate mortgages available from 1.08%.*” The latest figures we have available suggest that in 2013

<sup>86</sup> www.gov.je

<sup>87</sup> Andium Homes, Written Submission, June 2015

<sup>88</sup> Homelife, JEP

housing affordability in Jersey worsened marginally compared to 2011 and 2012 due to increases in the overall median selling price and mean mortgage interest rate.<sup>89</sup>

It is our understanding that since the introduction of the Mortgage Market Review in the UK last year, the markets in Jersey have changed significantly. For example, Barclays Bank, who was originally the second largest lender in Jersey, has dropped out of the picture almost completely, and HSBC have significantly reduced their criteria. As a result, the Managing Director of the Mortgage Shop told us that *“it is a real struggle to get a mortgage at the moment and this will obviously impact on the local housing market, especially in respect of keeping prices steady.”*

Similarly, our expert adviser spoke about the consequences of having relatively few mortgage lenders in Jersey:

*“Being dependant on a small number of lenders is not good and if any of them decide to pull out this could lead to significant problems. The supply of mortgage finance is a key pillar of any well-functioning housing market.”<sup>90</sup>*

Within its testimony to the Panel, Andium Homes suggested that a review should be undertaken into the benefits of encouraging additional lenders to become active in Jersey’s mortgage market<sup>91</sup>. However, we wonder whether such a review is necessary to establish the potential benefits. Providing more choice to would-be borrowers and increasing competition among lenders would allow greater access to the homeownership market and reduce overall costs to the borrowers. As an alternative, our adviser has therefore suggested that the Minister for Housing should commission research to identify what measures could be taken to increase the number of lenders active in the Jersey mortgage market.<sup>92</sup>

**KEY FINDING:** An individual’s ability to successfully access the property ladder can be significantly affected by the number of participating mortgage lenders on the Island and the available interest rates.

**RECOMMENDATION:** The Minister for Housing should commission research to identify what measures could be taken to increase the number of lenders active in the Jersey mortgage market.

<sup>89</sup> Jersey Housing Affordability Report 2013, States of Jersey Statistics Unit

<sup>90</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

<sup>91</sup> Andium Homes, Written Submission, June 2015

<sup>92</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

## 9. LOOKING FORWARD

The draft Housing Strategy Framework was originally due to go out for public consultation earlier this year but we have been recently been advised that it will not now be released for consultation until after the summer recess in September.

Among other things, we are pleased to see that the improvement of housing standards, and in particular the Regulation of the affordable housing sector, features so predominately within the Framework. It is also notable that a number of initiatives are currently being developed by the SHU, together with other Departments, to secure and embed improvements in the condition of private rental accommodation. This step is crucial given that approximately 20% of households in the rental sector are unsatisfied with the state of repair of their home<sup>93</sup>.

The introduction of the draft Public Health and Safety (Rented Dwellings) Law to monitor and enforce minimum health and safety standards for residential rental accommodation is welcomed, as is the accreditation scheme for private landlords. At the moment, however, this scheme is being proposed on a voluntary basis. Although this is considered to be a step in the right direction, in time we would hope to see the accreditation scheme introduced as a mandatory registration for private landlords. During our review a proposed policy direction for the rental sector (R.87/2015) was presented to the States by the Minister for Housing. The report confirmed that *“a compulsory landlord registration scheme is not proposed at this stage, though it may have a role to play in the future.”*<sup>94</sup>

### 9.1 Involvement from the private sector

The private rented sector provides homes to a range of different people, many of whom would be unable to access other forms of tenure for the reasons raised earlier. The sector accounts for almost 20% of all housing on Jersey and is almost 50% bigger than the social housing sector. Given the current shortage of affordable homes and the fact that demand significantly outweighs supply, it is important to consider whether any of this demand can be met by private sector landlords. In our adviser’s opinion *“the private sector is a largely untapped resource for helping to tackle some of the housing challenges facing Jersey.”*<sup>95</sup>

<sup>93</sup> Draft Housing Strategy Framework, SHU

<sup>94</sup> R.87/2015

<sup>95</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

We recognise that in order for private landlords to assist in the provision of affordable homes, it is imperative that they sign up to similar, or the same standards, as the social housing sector. We accept that little consideration will be given to this proposal until support and safeguards are put in place to protect Gateway tenants. However, in light of the current housing situation we feel that a commitment should be given by the Strategic Housing Unit to examine the steps necessary to allow private landlord's access to the Affordable Housing Gateway. When we questioned the Director of Corporate Policy about this matter at a Public Hearing he advised:

*“Private landlords can offer tenants properties and then suitable tenants can access income support in the same way as a social housing provider. The prerequisite is regulation and that is what we are working on. So a regulatory framework for social housing providers so you regulate the providers who take people off the Gateway. Once you have got the regulation in place can you permit other entities to become housing providers? Well, I think that is then an open question.”<sup>96</sup>*

**KEY FINDING:** Private rental landlords could make a meaningful contribution in providing affordable and secure homes to Jersey residents and assist in reducing the substantial Affordable Housing Gateway waiting list.

**RECOMMENDATION:** The Minister for Housing should ensure that the Housing Strategy addresses the benefits of allowing the private sector access to the Affordable Housing Gateway and identifies the steps necessary to enable this provision.

## **9.2 Delivery of the Housing Strategy**

We applaud the Minister for Housing and the Strategic Housing Unit for their commitment to address the many issues contained within the draft Housing Strategy Framework. Our adviser was equally pleased to see that many of the issues or shortcomings identified within his own review are to be addressed by actions set out in the Framework's Delivery Plan:

*“The new framework document provides a comprehensive overview of the current housing market on Jersey, the set of challenges it is facing and a series of measures to improve the supply of all types of housing, while at the same time alleviating residents' housing needs*

<sup>96</sup> Public Hearing with the Minister for Housing, Transcript, 19th June 2015

*and tackling concerns over affordability. This is a welcome step forward and the SHU are to be congratulated on their work to date.*<sup>97</sup>

**KEY FINDING:** The Housing Strategy Framework is a useful step forward in setting an agenda and a vision for housing.

The list of actions, included within the Delivery Plan, is scheduled for completion during the next 12 to 18 months. Whilst we are pleased that the Strategic Housing Unit plans to address the issues in a timely fashion, we are concerned that a lack of resources (manpower and financial) may increase the risk of delays in completion. The SHU currently has 1.5 FTE working within the Department. The timetable set out within the Housing Strategy Framework is ambitious and, in addition, our review has identified a number of further actions we feel need to be addressed by the Strategic Housing Unit. Thus our expert adviser has suggested that in order to avoid the risk of delays and to emphasise the importance of meeting targets, *“it may be that the SHU needs additional, temporary resources to assist them with their work on a number of activities and the overall delivery – turning the framework in to reality.”*<sup>98</sup>

During a Public Hearing we asked the Minister for Housing whether she was planning to increase manpower resources within the Strategic Housing Unit. We were advised that given the current economic climate it was unlikely a request would be made for additional staff. However, she felt that the joined-up approach with other States Departments in delivering the targets would help alleviate the pressure on the SHU<sup>99</sup>. In this respect, we are happy to see that the Council of Ministers and their Departments will be involved in addressing Housing matters. However, we are still unsure as to whether the SHU will meet its targets given the limited resources available.

**KEY FINDING:** The lack of manpower resources available to the Strategic Housing Unit may increase the risk of delays in delivering the Housing Strategy objectives.

**RECOMMENDATION:** The Minister for Housing should closely monitor the Delivery Plan to ensure that the Housing Strategy objectives are being delivered according to the set timetable. If there are any delays in the commencement of work, consideration should be given to acquiring additional, temporary resources.

As part of the evidence gathering stage of this review, our adviser conducted a number of meetings with key stakeholders from the housing industry; housing developers, construction

<sup>97</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

<sup>98</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

<sup>99</sup> Public Hearing with the Minister for Housing, Transcript, 19th June 2015

representatives, and affordable housing providers. It became clear from the meetings that, in recent years, communication between these parties had reduced considerably and important discussions about housing issues were no longer taking place on a regular basis. According to our expert adviser *“this had led to something of an impasse, with different parties not fully understanding what others want, guessing what they think the others might want and possibly fuelling suspicions about motives etc. This in turn can lead to a lack of trust.”*<sup>100</sup>

Given the current housing situation and the increasing need for affordable housing, it is imperative that we create a more open environment where concerns can be voiced and discussed in order to facilitate a more joined-up approach to finding solutions. The Minister for Housing was supportive of the suggestion of the introduction of a housing forum and remarked that *“any way that we can encourage the community to be more engaged can be nothing but a good thing.”*<sup>101</sup>

**KEY FINDING:** In recent years communication between key players within the housing industry has significantly reduced. It is therefore imperative that an open environment is created where concerns can be voiced and discussed and solutions to Jersey’s current housing situation can be found.

**RECOMMENDATION:** The Minister for Housing should establish a housing forum or working group, consisting of key stakeholders, by December 2015.

Throughout our report we have emphasised the importance of monitoring, not only for improving forward planning, but also for encouraging openness and transparency. We are pleased to see that alongside the draft Housing Strategy Framework, the SHU has published a delivery plan which provides a measure of success against each action and associated housing strategy objective. Whilst the inclusion of the Delivery Plan will assist the SHU in monitoring its own successes and allow the Panel to keep track of the Department’s work, we do feel that it could be improved. Our concerns are reflected in our adviser’s report who suggested:

*“The column ‘How we measure success’ needs sharpening up, with more specific and measurable targets to be included. For instance, how many new affordable homes are to be built and by what date? How many vacant homes are to be brought back into use? ... These might be assisted by the use of interim milestones which would help monitor progress over time.”*

<sup>100</sup> States of Jersey – Report on housing supply and affordability issues, Ark Housing Consultancy, July 2015

<sup>101</sup> Public Hearing with the Minister for Housing, Transcript, 19th June 2015

Notwithstanding the recommendations that we have made so far in our report which will require the Plan to be amended, we are keen to see more defined measures of success which better reflect the policy objectives of the Island Plan.

**KEY FINDING:** The Delivery Plan does not provide enough detail to enable close monitoring of the Housing Strategy objectives.

**RECOMMENDATION:** The Minister for Housing should amend the Delivery Plan so it includes more specific and measurable targets that reflect the policy objectives of the Island Plan.

## 10. CONCLUSION

The evidence that we have received throughout our review suggests that Jersey is still experiencing a severe shortage of housing in all categories. The number of individuals applying for the Affordable Housing Gateway waiting list is continuously rising and it has been predicted that an annual supply of 150 new affordable homes will be needed to maintain the list. Moreover, this figure does not take into account the extent of hidden housing need from concealed households and groups who do not qualify for affordable housing.

To exacerbate Jersey's current housing situation we have been advised that we are facing delays in the development of housing on the former States sites and on the re-zoned land, which was identified during the Island Plan revision in 2014. These setbacks could mean that the target of providing 1,000 affordable homes by 2020 is no longer achievable.

Our review has shown that there is a prevalent concern among residents that current planning policies are acting as a barrier to the objectives of the Island Plan and, in particular, the delivery of much needed affordable housing. It is imperative that a review is undertaken to ensure that the overarching aims of the future housing strategy are not undermined by the planning process.

There is current uncertainty as to the true effects of the 90% market rental policy on affordable housing tenants. The Policy has not been in place long and it is acknowledged that some time is needed before its impact can be assessed. However, the concerns raised during this review provide justification for further monitoring of the Policy to ensure that there are no unintended consequences as a result of its re-introduction.

Housing affordability issues are not just confined to high need households. Moderate income households are also affected by these issues and many face difficulties transitioning from private rental to home ownership. The Strategic Housing Unit is currently considering a number of options to assist individuals to gain access onto the property ladder. However, a number of legal changes are required in order to facilitate the introduction of a shared ownership scheme and to retain properties in the affordable housing sector so they can be enjoyed by future generations of first time buyers.

The Minister for Housing and the Strategic Housing Unit should be commended for their commitment to address the many issues contained within the draft Housing Strategy Framework. However, in order to ensure the effective delivery of its objectives it is important that the Minister looks to improving communication with key players of the housing industry and monitors the manpower resources within the SHU.



## **11. APPENDIX 1 –REPORT BY ARK HOUSING CONSULTANTS**

## States of Jersey – report on housing supply and affordability issues (July 2015)

### Contents

This report sets out a summary of the evidence, key findings and recommendations associated with a review of the Council of Ministers' work dealing with housing supply and affordability issues on Jersey.

Section	Title	Page No
1	Executive Summary	1 - 4
2	Background	3 - 5
3	Identifying housing need	5 - 8
4	Housing supply	8 - 10
5	Planning issues	10 - 13
6	Affordability	13 - 16
7	Looking forward – communications & resources	16 - 17
8	Amendments to Housing Strategy framework	18 - 19
9	Concluding comments	19
10	Appendix 1 (Andium's recommendations)	20 - 21

### 1 Executive Summary

1.1 In May 2015, the States of Jersey commissioned Ark Housing Consultancy to support the work of the Environment, Housing and Technical Services Scrutiny Panel in its review of the supply and affordability of housing, as outlined in its Terms of Reference.

1.2 This report represents Ark's independent view, taking into account a range of evidence gathered throughout the review process. The review was carried out as part of the States of Jersey's internal scrutiny processes as co-ordinated by the Greffe.

1.3 The review took place between May and July 2015 and we based our assessment on a mix of evidence obtained through document review, direct meetings and telephone interviews with a number of key stakeholders, attending meetings of the panel and public hearings with the Ministers of Planning & Environment and Housing. This report outlines our views as at 10 July 2015.

### Scope

- 1.4 The scope for this review was set by the Terms of Reference agreed by the Scrutiny Panel. The ToR were:
- 1.4.1 To examine the means by which the Council of Ministers measures and monitors housing supply and housing affordability;
  - 1.4.2 To consider the factors which affect the supply and affordability of housing in Jersey;
  - 1.4.3 To examine the impact of the planning process on the delivery of housing;
  - 1.4.4 To consider proposals of the Council of Ministers for the delivery of further housing;
  - 1.4.5 To consider proposals of the Council of Ministers, in particular the Ministers for Housing and for Planning and Environment, to improve the affordability of housing for Islanders; and

1.4.6 To consider the role played by other housing providers in the delivery of affordable homes

### **Overview of identified issues**

1.5 The following issues, identified under the headings of General, Supply and Affordability, emerged during the course of the review. These are in effect the key findings from the review:

#### **General**

1.5.1 Getting a clear, concise and up to date position statement on housing supply (recent past, present and future) showing actual performance against what is planned and the level of need, has been difficult. The production of a new Housing Strategy document should change this, particularly with a focus on producing annual updates on delivery against forecasts and plans.

1.5.2 Limited resources appear to be an issue for both the SHU, who have a very busy workload now and ahead of them, and for the States with increased pressures to financially support various housing related initiatives. A number of initiatives to support housing supply and affordability are identified in the new framework report, but it is for the Council of Ministers to decide which if any it wishes to pursue.

1.5.3 Concerns exist about the capacity of the construction sector on Jersey to deliver a sustained growth in new housing, alongside competition from the other sectors, e.g. the commercial / new offices, new hospital and new ambulance HQ. Similarly relatively little use has been made to date of new construction methods, such as off site build.

1.5.4 There is no forum for communications with various stakeholders on a range of housing topics. This is acting as a blockage to their resolution and steps should be taken to set up a working group or other forum for key players in the housing market to meet, discuss issues that concern them and to identify ways to clear blockages.

#### **Supply**

1.5.5 There are concerns that not all of the existing planning policies are 'Fit For Purpose', are not delivering the outcomes which are wanted at the present time or in providing the right balance between development and conservation or protection. For instance how can new housing targets for building in St Helier be met, while conservation appears to hold a power of veto? These should be reviewed to identify where changes are required.

1.5.6 Similarly, are requirements for the development of all new homes to Lifelong Homes standards appropriate or affordable in all cases (e.g. starter homes) and should some flexibility be built into the planning system?

1.5.7 There is the potential for deals to be done with developers (for example over their contributions in return for greater densities on approved sites) but no-one appears prepared to talk or to be flexible. There is an urgent need to resolve the current impasse. Planning law and policies in England have become more permissive of new housing developments since 2010, with housing seen as a key contributor to economic growth and meeting people's aspirations. Views expressed to me during this review suggest that people have a contrary view to this in respect of Jersey's planning framework.

1.5.8 There is a real danger that the supply of new housing between now and 2020 will be undermined by delays in developing on the States-owned sites due to be released and the re-zoned, former agricultural use, sites. A strong case exists for identifying and bringing forward a

list of reserve sites and facilitating their development. Alongside this more effort needs to be put into identifying actions that would speed up the release and development of land, identified for new housing, including the development of possible profit-sharing deals on changes in land valuations.

1.5.9 There is a growing problem over a lack of finance available to purchasers at the lower end of the market. One of the major lenders to First Time Buyers was reported to have left the market, a claim subsequently denied by the company. This highlighted a fragility in the mortgage market with an over-reliance on a small number of lenders. Unless other lenders can be attracted and/or the States steps in with financial support schemes for home purchases, then the private market could slow down, forcing prices up and worsening the position on both supply and affordability.

1.5.10 The States' support for new affordable housing, whether in the form of funds from the bond issue or the release of land, appears to be exclusively directed through Andium Homes. This is creating uncertainty over the future role to be played by the housing trusts (are they to focus solely on the management of their existing stock?) while under-utilising the resources and skills of Jersey Homes Trust and the other trusts.

## **Affordability**

1.5.11 More work needs to be done with private sector landlords, over issues like their regulation, licensing or registrations, agreeing standards of accommodation and their service, and rents charged, possible access to the Gateway, etc, so they can play a more meaningful contribution in providing affordable and secure homes of a good standard to Jersey residents. This would also provide safeguards to private tenants.

1.5.12 A lack of 'key worker' housing is an obvious gap in the local housing market, and one which could have serious consequences for the delivery of important services to the public, such as health and education.

1.5.13 A way to deliver shared ownership housing (part rent, part buy with equity shares as low as 25% available for purchase) should be developed as an alternative to the current deferred payment purchase schemes.

1.5.14 The impact of introducing 90% rents to new lets in affordable rent schemes should be investigated to see if it is causing problems to new or transferring tenants. This should be monitored and reported on in 6 or 12 months time.

1.5.15 Support for first time buyers, such as help with raising a deposit for a mortgage should be reintroduced and assistance (such as providing loans or guarantees for rental deposits) should be developed for people who fail to be housed via the Gateway and have to enter the private rented sector. The review of the impact of Buy to Let investors on the housing for sale market and on first time buyers in particular, should be updated.

Finally, Ark would like to take this opportunity to record our sincere gratitude to the States Assembly Members and members of staff at the States of Jersey (in particular Sammy McKee and William Mallow) who have provided extremely valuable support in the course of our work. Thanks are also due to the contributors who made themselves available for interview and gave generously of their time.

## **2 Background**

2.1 The Environment, Housing and Technical Services Scrutiny Panel of the States of Jersey

agreed to undertake a review of the supply of housing.

2.2 In agreeing to review this topic, the Panel noted that the supply of housing is a key issue for the public of Jersey. According to the *Jersey Annual Social Survey*, 27% of respondents stated that “*ensuring the availability and quality of housing*” should be a ‘very high priority’ of the Island’s Government with a further 42% of respondents stating it should be a ‘high priority’.

2.3 The 2012 Strategic Plan (developed by the Council of Ministers and approved by the States Assembly) included a priority to ‘house our community’ while the Strategic Plan for 2015 to 2018 states that one of the Council’s goals is to “*champion a proper supply of housing of all types, promote affordability, improve housing standards and build strong communities.*”

2.4 In undertaking this review, the Panel has sought to explore and to test how the Council of Ministers intends to deliver on that goal. It has also considered the role played by other housing providers in the delivery of affordable housing.

2.5 Plans for the delivery of new housing were included within the current Island Plan (adopted by the States Assembly in 2011 and amended in 2014 to address the need for affordable homes). The building of 1,000 affordable homes for rent and sale is due to be completed by 2020.

2.6 In the 2014 amendment to the Island Plan, it was stated that the size of the Island and the higher value of land as a result; the comparatively high construction costs; and higher income levels in the Island all contributed to the difficulty in delivering affordable housing. According to *Residential Land Availability at January 2013*, a report prepared by the Department of the Environment, “*the evidence available on housing supply suggests that the Island will be in a good position to meet identified overall demand for new homes during the next five years.*” Nevertheless, the report also said that there was no room for complacency.

2.7 In June 2015, the Minister for Housing (supported operationally by the Strategic Housing Unit) brought forward a draft Housing Strategy framework document which described the prevailing housing market in terms of affordability; set out current supply projections; and recommended methods for increasing home ownership and affordability. It included a Delivery Plan setting out a number of activities to be undertaken over the next 12-18 months.

2.8 In terms of improving affordability, a number of products have been considered or introduced in the past to make housing more affordable. In 2013, for example, the Starter Home Deposit Loan Scheme was implemented on a trial basis, whereby purchasers were assisted with the mortgage deposit for a property (from a £3M fund). Shared equity schemes have also been explored but legislative changes are required to allow such schemes to be implemented fully; the Minister for Housing has indicated that those legislative changes will be pursued.

## Document Review

2.9 In relation to the documents reviewed, our work has included a review of the following documents:-

- The Island Plan 2011, as amended in 2014;
- The Jersey Island Plan, interim review, volumes 1 & 2;
- States of Jersey strategic plan 2015-18;
- Consultation draft of the Housing Strategy framework document;
- Residential Land Availability at January 2013;
- Jersey House Price Index;
- Jersey Housing Strategy, discussion papers 1 – 6;
- Jersey’s Housing Assessment 2013-2015;

- Housing Transformation Programme report;
- Andium Homes Strategic Business Plan 2014-2019;
- Andium Homes annual report 2014;
- Jersey Homes Trust 19<sup>th</sup> annual report;
- Housing Affordability in Jersey in 2013 (Statistics Unit); and
- Jersey in Figures, 2014 (Statistics Unit).

2.10 Written submissions to the scrutiny panel from various sources including members of the public, three housing trusts and Andium Homes were also read.

2.11 In addition a number of supplementary questions were submitted in writing to the Strategic Housing Unit, Andium Homes and Troys Lettings and their written responses were added to our evidence base for this review.

### Meetings

2.12 As well as the Document Review as outlined above, our work was informed by public hearings with the Housing Minister held on 19 June 2015 and the Planning & Environment Minister held on 9 July 2015. The chairman and senior staff from Andium Homes also attended a public hearing on 9 July. We also attended a briefing from the Strategic Housing Unit (SHU) on the draft Housing Strategy framework document on 19 June 2015.

2.13 Other meetings or interviews were held with representatives of the following organisations:-

- SHU;
- Dandara;
- Andium Homes;
- Broadlands Estates;
- Jersey Homes Trust; and
- Jersey Construction Council.

### 3 Identifying Housing Need

3.1 From the 2011 Census we know there were 41,595 homes on Jersey housing a population of 97,897. This has probably risen to over 100,000 in the past year. The stock numbers and percentages are shown below – in comparison with the mainland UK, the % of owner-occupiers is lower, while the ‘other’ section is considerably higher, reflecting the unique nature of the Jersey housing market and residency rules.

Tenure type	Number of properties	Percentage of the total %
Owner occupied	22,574	54
States & housing trusts	5,656	14
Private rent	7,806	19
Other (e.g. tied housing, lodgers, non-qual acc)	5,559	13
Total	41,595	100

3.2 In addition, a total of 3,103 private properties were identified as vacant or empty on Census day. This is equivalent to one in 14 or 7% of all properties. It is likely the majority of these properties will have been empty for legitimate purposes, but the numbers involved suggests there are others which could make a useful contribution to meeting need, if the States had a mechanism for acquiring them or facilitating open market sales, or sales to Andium Homes or one of the housing trusts.

3.3 For comparison purposes 2% of residential properties in England in 2014 were empty and a further 1% were holiday homes, although the figures do vary from area to area, and are usually a little higher in tourist locations.

3.4 English councils can charge premiums of upto an additional 50% in council tax on dwellings empty for 2 or more years. There is no similar additional charging mechanism on the owners of empty homes in Jersey at the present time (Island and Parish rates are levied at the same amount for occupied and unoccupied properties), although given the higher numbers on Jersey some incentive for owners to make good use of them does appear to be justified. This could take the form of additional rates on empty homes, with the charges increasing over time, so owners are encouraged to sell or let properties sooner rather than later. The Environment & Planning Minister confirmed he was willing to review this with fellow ministers.

**Recommendation 1** – The Housing Minister should investigate the possibility of bringing between 20 and 30 empty homes a year back into use, using a variety of tools including the introduction of an empty property tax or charging an annual sum in addition to the current parish rates. Any proposals should be ready for consideration by no later than January 2016, for inclusion in the budget and programme of work in 2016/17.

3.5 The average household size on Jersey has fallen steadily from the 1971 Census, when it was 2.79 people per property, down to 2.31 people in the 2011 Census. This is following a similar trend to that in the UK and Western Europe, where even with a stable population we need more properties to house them. This is caused by people living longer, couples separating and more people choosing to live on their own.

3.6 With a growing population, boosted by better health care and inward migration, even more new housing is required. Alternatively the States of Jersey could try to make better use of the existing stock, but that solution is proving very difficult to achieve on mainland UK.

3.7 People in housing need and with an income of less than £40,000 can qualify for affordable housing with Andium Homes or one of the five housing trusts operating on Jersey. All social housing is allocated from the Affordable Housing Gateway, which acts as a single or combined waiting list. It is also used to inform the SHU on current and future housing need.

**Recommendation 2** – The Minister of Housing should annually review the income level used for people to qualify for the Affordable Housing Gateway, so that it is uprated in line with property values and affordability criteria.

3.8 The numbers of people who are registered with the Gateway is publicly available and updated on a monthly basis, showing the numbers of households in each priority band. This openness is to be welcomed. As at May 2015 some 1,082 households were registered on the Gateway in bands 1, 2, 3, 4 and 6.

3.9 Of these, 661 households are in the highest 2 bands as a result of them being classed as homeless, under threat of eviction, living in overcrowded accommodation or having serious medical conditions. Some 104 households are after private sector housing although they may

require financial assistance to obtain it (band 4).

3.10 When internal transfers and band 4 applicants are removed from the figures, this showed there were 635 households from the private sector looking for affordable housing with Andium Homes or the housing trusts.

3.11 The overwhelming majority of the applicants are after smaller sized accommodation, with 530 of the 635 households (or 83.5%) waiting for one (292) or two (238) bedroom properties. This provides a strong steer to where the majority of new house building efforts should be directed. In addition, it is worth noting Andium Homes is able to require tenants who are under-occupying their current home to move to a smaller property, but they can only proceed if there are vacant smaller properties available for the under-occupiers to move into.

**Recommendation 3** – The Ministers for Housing and Planning & Environment should ensure they adjust their annual targets for the number of different sized properties to be built, so they reflect the demand for different sizes of property as identified via the Gateway.

3.12 Originally there were 1,364 households on the Gateway when it was first established in September 2013. Households with an annual income above £40,000 do not qualify for affordable housing for rent through the Gateway even though families with combined incomes of between £40,000 and £60,000 would struggle to purchase small family sized property on the open market locally. The number of households on the Gateway varies over time as people are housed and others apply to join it. It currently provides the Island with the best information on housing needs, in the absence of a dedicated Housing Needs Survey being carried out.

3.13 The Gateway is not run as a Choice based letting (CBL) system, which is the more common system now used in England. Under CBL vacant properties are ‘advertised’ and applicants on the waiting list decide which ones to apply for. This encourages people to be more flexible in what they will accept, while also introducing an element of choice. Andium Homes have made some initial trial efforts of running a CBL and this should be developed further and extended to include the five housing trusts as well.

**Recommendation 4** – The Housing Minister should require a full trial of a choice based system to be operated for advertising and re-letting vacancies in the affordable housing stock. This trial should involve the housing trusts as well as Andium Homes. It should take place before March 2016.

3.14 The private rented sector accounts for almost 20% of all housing on Jersey and is almost 50% bigger than the affordable sector, but it is not being used to house applicants off the Gateway, through a licensing or registration scheme. This topic is covered in more detail in section 7 of this report. The shortage of suitable rented accommodation is reflected in the figures of one letting agent which is managing 90 properties on behalf of private landlords but has a mailing list of 2,000 people – effectively over 20 people are after every home advertised. There is no reason to think this is untypical.

3.15 Andium Homes offer up to 15 homes a year for sale under a Deferred Payment Scheme, where First Time Buyers (registered in band 4) can buy a house without paying the full market price. The sale price is calculated on a means tested basis and the difference between the sale price and the market value is secured by a second charge on the property, which only has to be repaid when the property is next sold. While this scheme does extend home ownership to people who could not afford to buy a comparable property on the open market, nevertheless the purchasers still need to raise a sizeable deposit and mortgage if they are paying 75% of the market value.



3.16 Typically many Key Workers (in such employment sectors as health and education) will struggle to raise the deposits required for either open market purchases or to buy via the deferred payment scheme. The States could assist such potential purchasers either through re-introducing the deposit loan scheme or another assistance package, such as mortgage guarantees, or in facilitating the introduction of shared ownership schemes, which allow part purchases to proceed at just 25% of a property's equity.

**Recommendation 5** – The Housing Minister should ensure that a variety of measures are developed for consideration and use by no later than April 2016, to help First Time Buyers and Key Workers to find affordable housing, whether for rent or to buy.

#### 4 Housing Supply

4.1 The supply of new housing, as measured by completions has varied significantly in the last 10 years – from a high of 720 in 2006 to a low of 177 just 2 years later in 2008, when the financial crisis hit the housing market. The completions for open market homes sales (middle line) and affordable housing (bottom line) for each year between 2005 and 2012 were as follows:

2005	2006	2007	2008	2009	2010	2011	2012
513	433	314	171	283	191	682	126
66	287	261	6	131	16	10	158

4.2 Figures have not been released for the most recent 2 years, 2013 and 2014, which makes the tasks of tracking trends, identifying possible shortfalls and on-going monitoring impossible.

**Recommendation 6** – The Housing Minister should ensure that robust figures for housing starts and completions are collected and reported regularly, and at least annually, to ensure transparency and accountability.

4.3 Jersey's Housing Assessment for 2013-2015, produced by the Statistics Unit, showed that for these 3 years there is a predicted overall shortfall in the supply of new homes amounting to 1,470 – more than 1,000 in the owner-occupied sector and more than 400 social homes for rent.

4.4 The biggest predicted shortfalls are for 1 bed flats (470), 2 bed houses (880) and 3 bed houses (500). Interestingly there are surpluses identified for 3 bed flats (130) and 4 bed+ houses (380). These figures display some similarities with the numbers registered for the Gateway.

**Recommendation 7** – The Ministers for Housing and Environment & Planning should ensure that plans for new housing accurately reflect the levels of demand for different sizes and types of housing, as identified by the Gateway and the Jersey Housing Assessment.

4.5 There is now a plan to provide 1,000 affordable homes (for rent and sale) by the year 2020. To facilitate this rate of new development, a number of sites currently owned by the States have been identified for disposal / new housing (under policy H1), and a number of former agricultural sites have been re-zoned for housing purposes (H5). Both types of site present a range of challenges and hurdles which will need to be overcome, if the new housing schemes are to successfully proceed.

4.6 The H5 sites should produce about 300 new homes if they proceed, leaving a balance of 700 homes from other sites – which are believed to either be beset by delays or the sites have yet to be identified and approved. Estimates provided during the public hearings suggest that all of the

currently identified sites might only provide between 500 and 700 homes by 2018. This underlines the importance of identifying additional sites and allowing planning, design and construction work to start as soon as possible, rather than waiting for shortfalls in delivery to manifest in the latter part of the 5 year time period to 2020. The timetable between planning consent being granted and new homes being completed is normally between 18 months and 3 years, so there is no time to be wasted in getting on with identifying and proceeding with additional sites.

4.7 Developers and affordable housing providers are united in their opinion that these sites will suffer delays in becoming available and they will not provide the numbers of new homes required within the timescale. All parties have stated that additional sites need to be identified for housing development and to be allowed to proceed – either to take up the slack caused by delays with existing H1 and H5 policy sites, or to make an early start on housing that will be required for the years after 2020. The Environment & Planning Minister expressed similar doubts about the deliverability of the plans for 1,000 new affordable homes by 2020, when he appeared before the panel at the public hearing on 9 July.

**Recommendation 8** - The Planning & Environment and Housing Ministers should bring forward a list of additional sites for developing new housing on, by no later than December 2015. This list will make up for any shortfalls in the delivery of new homes by 2020 caused by delays in making starts on site at the former States-owned sites and/or the re-zoned sites.

4.8 All of the States' funding for new housing (a residual sum of approximately £40M from the housing bond) has been earmarked for Andium Homes' projects. This sum has already been allocated to identified new build schemes and Andium are now trying to assemble a supplementary programme of new developments, but these will require additional finance to be found if they are to proceed.

**Recommendation 9** – The Housing and Treasury Ministers need to assess the possibility of raising additional finance for new affordable housing developments by December 2015 and bring forward plans for delivering this.

4.9 The allocation of all of the bond finance to Andium Homes has the risk of alienating the housing trusts and severely limiting the contributions which they can make now and in the near future. At least 3 of the housing trusts have stated their willingness and desire to undertake new housing developments – this includes providing housing for vulnerable groups like ex-offenders.

4.10 The Jersey Homes Trust in particular has significant funds available for investment in new housing. Several million pounds of this was earmarked for a major development scheme at Ann Court in St Helier, but after 2 years of preparatory work they withdrew and have now been replaced by Andium Homes as the developer.

**Recommendation 10** - The Housing Minister should clearly communicate the role she expects the housing trusts to play in the future delivery and management of affordable housing on Jersey, by October 2015.

4.11 During the course of the review a number of contributors referred to planned developments for new housing being abandoned or not proceeded with, because of various difficulties raised either by local residents, the parishes, the planning department and assembly members. This underlines the need to review the planning policies and system to ensure that it is fit for purpose.

4.12 Across the UK in recent years, particularly in high cost areas, there has been a considerable increase in the activity of buy to let investors. Their impact has been particularly felt by First Time Buyers, who are often in competition with the speculative investors with cash to invest. The impact of buy to let investors on the Jersey housing market was last looked at several years ago

and it would be timely for the SHU to look at this issue again and identify whether some action is required to restrict or limit the number of properties bought by absent landlords.

**Recommendation 11** – The Housing Minister should commission a review of the actions of buy to let investors and assess their impact on the Jersey housing market, in time for action to be taken in 2016.

## 5 Planning policies

5.1 The current policy for new housing is to focus development on the urban area of St Helier and to a limited degree on a number of former greenfield sites in rural areas, which have been re-zoned.

5.2 This overarching policy is supported by a number of supplementary policies or requirements affecting such things as - density levels, the provision of car parking spaces and building all new homes to Lifelong Homes standards. It is understood the latter is to ensure that as people age and possibly become physically infirm, they do not need to move out of their home as certain adaptations have been built into the design of the property.

5.3 All of the requirements set out in the previous paragraph add to the cost of building new homes, which are invariably passed on to the end user, whether the property is sold to an owner occupier or is used for letting. Interestingly it is understood neither the SHU or Planning department have customer satisfaction information collected from new home occupiers, giving their views on such issues as location, car parking, storage space, communal facilities etc. This means valuable feedback on various planning conditions from the end users' perspective (even if initially collected by the developer or affordable housing provider) is not available to test the success or failure of the planning requirements against.

**Recommendation 12** – The Housing Minister should commission a study by October 2016 to obtain the views of new residents (owners and tenants) with various planning policies to see if they are considered a useful addition, or if they detract from their quality of life.

5.4 St Helier is an historic and attractive town, enjoying the benefits of a busy business and commercial sector, as well as a thriving retail and tourist economy. There is an active lobby group which seeks to protect its heritage and conserve its built environment. But this also means it is becoming increasingly difficult for developers to find sites which are appropriate and viable for new housing, or a limit is placed on the number of residential properties which can be built on available sites.

5.5 In the urban areas it is mainly flats that are being built, but it is becoming increasingly difficult to find the land at groundfloor levels to comply with requirements for car parking spaces (1 car parking space per unit of accommodation), while building underground car park spaces are very expensive. We heard of several instances where underground parking was being provided at extremely high cost – in one example, each parking space was costing the equivalent of £50,000 which is an extraordinarily high on-cost to place on a housing scheme, damaging its financial viability and forcing sales prices up.

5.6 If developers were able to build higher blocks of flats than they currently are in St Helier, this would make it easier for them to meet the demand for new housing, as covered in the housing need section.

5.7 The case for requiring all new properties to be built to Lifelong Homes standards is understood, but we were informed this requirement alone adds upto 15% to the cost of construction and to the sale price of properties. The question has to be asked, is this requirement necessary in all cases? For instance is there a need for all starter homes, designed and built for

First Time Buyers, who tend to be younger and fitter than other residents, as well as only being occupiers for shorter periods, before they move home again.

5.8 The States of Jersey Strategic Plan 2015 – 18 appears to contain a commitment to introduce a new planning framework (on its final page). While there is no explicit reference to review and overhaul planning policies for new housing, this does appear implicit within the various objectives set out.

5.9 At the public hearing on 9 July, the Environment & Planning Minister expressed a willingness to look at increasing density levels on new development sites and in re-examining the scale of protection given to all heritage sites, in an effort to boost the delivery of extra housing. This is welcomed, but it probably should form part of a wider review of planning policies rather than being pursued as piecemeal changes. This would be more in line with the commitment to a new planning framework, referred to above.

**Recommendation 13** - The Planning & Environment Minister should undertake a review of the existing planning policies to assess whether they are 'Fit For Purpose' and delivering the required outcomes, by March 2016. Where planning policies are found to be creating unnecessary obstacles and difficulties in providing new housing schemes, the Minister will identify and consult on proposed changes, so that any changes are ready to be implemented by September 2016.

5.10 Away from St Helier new housing development work is discouraged, although 3 specific sites formerly used for agricultural purposes have been re-zoned (identified for housing) so they can provide new affordable homes at a ratio of 80% for rent and 20% for sale. This rule needs to be capable of revision and changed where a case can be made for this to happen.

5.11 It is possible that because of a scheme's financial viability or the wishes of the local community, that variations could be justified. These could see a scheme being developed just for affordable rents, or for a proportion of the homes to be built for shared ownership sale rather than outright sale or deferred payment.

**Recommendation 14** - The Planning & Environment and Housing Ministers should review the impact of implementing the 80:20 rule for delivering new affordable housing on the 3 re-zoned sites by March 2016. They should consider changes that allow affordable housing on additional sites to be developed at different ratios, such as 100% for rent, or to include shared ownership homes in the definition of housing for sale.

5.12 We were also given anecdotal evidence of fields with little or no agricultural value, which could be developed for small numbers of houses, but which stand no chance of being approved under the current planning regime. It is possible that with more use made of 'local connection' conditions on small developments in rural areas, that local communities would be happier to accept new housing in their parishes.

5.13 States staff believe they are permissive with 85% of planning applications being approved, but this is not a view widely shared by other key players in the development or construction sector, with people saying many potential schemes never reach the application stage, or that schemes are scaled back and reduced in size, to ease their progress. Despite land being in short supply and the most important component, it is not always being fully exploited.

5.14 There are however, both sites with planning permission which are not being built upon (this extends to about 2,000 unbuilt homes) and potential development sites which landowners are not releasing for building works. The States are looking at a variety of measures to encourage these schemes to progress sooner rather than later, but is finding itself frequently frustrated by a lack of activity.

5.15 The proposed measures include reducing the lifetime of planning consents from 5 years to 3 and charging a re-submission fee (equivalent to the cost of submitting a fresh application) for the renewal of planning consents. These financial sticks are unlikely to make a significant impact on decisions by landowners and developers over when they proceed with the building of new homes, as the fees comprise a small part of the total development cost. It might have a marginal impact where decisions are finely balanced and therefore they are probably worth proceeding with. There is even a danger that applications could be delayed until there is greater certainty of a development going ahead, so care needs to be taken in trying to strike the right balance. But a broader set of carrots and sticks will probably be necessary to successfully tackle the current log-jam.

5.16 To encourage development, planning authorities have relatively few levers. They can ease the obligations or conditions to make development more attractive, or they can provide inducements. Among the possible options, worth considering are:

- Parish rates could be levied annually on undeveloped sites with planning permission for new homes, equivalent to the sum of the rates to be charged on the number of new homes with consent;
- The States could establish its own housebuilding company;
- Andium Homes should be allowed to build housing for sale (perhaps to cross subsidise the construction of affordable housing) on land transferred to it;
- A joint venture company could be established with an existing housebuilder, to build housing on land already owned by the States, or acquired for this purpose;
- Land could be acquired by the States (possibly using CPO powers) and disposed of to developers and/or affordable housing providers, with payments deferred until the new houses are sold or let (and any profits shared with the States?); or
- Subsidised development loans could be provided to those willing to build affordable housing.

**Recommendation 15** – By March 2016 the Ministers for Housing, Planning & Environment and Treasury should review the above suggestions, draw up a range of options for increasing the supply of land which can be used for new housing, and agree a set of incentives for encouraging its development. This should also be used for consulting key stakeholders on the proposals.

5.17 In the recent past there was an attempt to impose planning obligations on developers (policy H3) that would have required landowners and builders to either provide a proportion of a new housing development as affordable housing (for rent and/or for sale) or to pay a cash sum as an alternative.

5.18 This was actively campaigned against by the construction sector who felt it was impractical and would make developments unviable. This mechanism was dropped but has been used in mainland UK for the last 25 years, although developers have been successfully reducing the obligations placed upon them since the most recent economic downturn.

5.19 These obligations will typically require between 10 and 40% of new housing developments to be provided as affordable housing – either on the same site, or at another location. This would normally apply on all developments of 10 or more new homes, but in rural areas it is usually applied to new schemes as small as 5 new homes. Financial contributions are normally less popular with English councils because of the difficulty in finding suitable sites for new housing.

5.20 Private developers are already being required to provide additional infrastructure as part of the planning approval process on Jersey. Typically this will amount to providing an access road, a cycle lane, new drainage and contributions to other facilities (such as a community hall or a play

area) or for a member of a staff, such as a community support worker who can provide advice on financial and health issues for example.

5.21 On Policy H3 I am broadly in favour of the use of planning obligations but these do need to be sensitive to local circumstances and guided by pragmatism, where necessary, rather than dogma. An inflexible policy which prevents new developments from proceeding and achieves very little or no new affordable housing, can prove to be counter-productive.

**Recommendation 16** – The Ministers for Housing and Planning & Environment should enter into a dialogue with representatives of landowners and developers to see if there is a way out of the current impasse. The dialogue should start by October / November 2015. This dialogue should be wide in its scope and flexible in its nature, to see if a deal can be struck based on compromise all round. The ultimate aim should be to ensure the 1,000 new affordable homes by 2020 can be met.

5.22 There is a significant amount of office space in St Helier although much of it has been around for a while and there are a number of projects in train to renew this in new developments, including in a new financial quarter. This raises the prospect of a number of existing buildings being emptied and available either for re-letting as offices, or a change of use to retail or residential use. The latter has the prospect for providing a valuable contribution to the number of new homes, in particular 1 and 2 bedroom flats.

5.23 This should be seriously considered as an option, but it is not an easy readymade solution and is not without its risks. Office block conversion projects need considerable spending and careful, sympathetic design to make them suitable for residential purposes. This will also present a challenge to current planning requirements around the provision of car parking spaces, the use of lifelong homes standards and communal facilities.

5.24 Andium Homes are trying to pursue new housing developments on a number of sites in St Helier, which were previously used by businesses which have now left the premises vacant. Planning policies give priority for their continuing use for employment, which is providing a major obstacle to their use for new housing. Discussions are on-going but it would be a sign of serious intent by the States, if Andium were given consent to proceed with a change of use on at least some of the sites.

**Recommendation 17** – The Ministers for Planning & Environment and Housing should proactively consider the possible conversion of redundant office accommodation (and other vacant former business premises) for use as residential property, and identify how current planning conditions could be relaxed to encourage and facilitate new housing. This should result in new planning guidance to be issued by no later than March 2016.

## 6 Affordability

6.1 Data on housing affordability focuses almost exclusively on income levels, the purchase prices of different sized properties, mortgages costs, the size of deposits and the multiples of income to mortgage required to buy. Published information on affordability tends not to also look at rent levels in the social housing and private rented sectors. A number of the responses from members of the public commented on the lack of affordable housing on the island, with several specifically challenging the fairness of new rents for affordable housing.

6.2 One of the notable recent changes has been the introduction of new affordable rents, set at 90% of market rent values for comparable accommodation. While relatively small numbers of affordable homes have been let so far at the new rents, this is an area where more data gathering and monitoring is justified to ensure the new rents are not having damaging and unintended consequences.

6.3 The new Housing Strategy framework document acknowledges the high cost of private sector rents and the financial stress these cause to those on average and below average incomes. The difference between 100% and 90% of a market rent is possibly not sufficient to make the latter 'affordable' for those who are unable to buy their own home. There is a danger that the higher rents could result in the following sorts of outcomes:

- tenants on income support are discouraged from seeking paid employment and earning above income support levels;
- tenants who under-occupy their current home are discouraged from transferring to smaller accommodation; and
- new tenants who earn just over the threshold for receiving benefits have to pay the full rent, and do not enjoy any means tested discount based on a taper.

6.4 There are no rent controls governing private sector rents and these are only subject to market forces and what landlords believe they can charge. Typically landlords will require a deposit and a month's rent in advance – this can amount to £2,000 to £3,000, which many people will have difficulty in funding, in addition to furnishing the property. Many English councils will assist new tenants by providing them with a loan equivalent to the deposit, or they will provide a guarantee to the landlord. These can be a quick and relatively cheap way of re-housing a person or family off the Gateway, particularly if they are a relatively low priority with no immediate prospect for being found an affordable home with Andium or one of the housing trusts.

**Recommendation 18** – The Ministers for Housing and Treasury should produce measures to help new private tenants with deposits, such as loans or guarantees, for use by no later than April 2016.

6.5 If private rents rise at a fast rate, they will pull new affordable rents up with them which does not appear to be a desirable outcome, particularly if they move further away from affordability criteria.

6.6 It is understood the increase in new rents charged (from approx 60% of market rents up to the 90% level) was to make them 'fairer', as well as raising finance to pay for improvements in the condition of the Andium housing stock.

As the higher rents are also charged to new tenants of the housing trusts, who do not benefit from improvements to the Andium stock, this could be viewed as unfair on the housing trusts' tenants.

6.7 In England 'affordable' rents for newly built homes which benefit from grants, have been increased and capped at 80% of market rents for comparable properties. This is designed to raise more money for house building. It is very controversial in many high cost areas with some councils pushing for 'social' rents at 60 to 70% and some housing associations choosing to develop without grants or public finance loans, so they can charge rents which they deem to be affordable to local tenants.

**Recommendation 19** - The Housing Minister should review the impact of the new affordable rents (set at 90% of market rents) on existing and potential tenants and identify any unforeseen or unwanted consequences, brought about by the changes to the affordable rent policy and its future operation. The review should be completed by March 2016 and identify any corrections of unintended and unwanted outcomes.

6.8 The Jersey in Figures report does not include any detailed information on rental costs – in either the affordable housing or privately rented sectors. My own inquiries revealed that the cheapest rents for a 1 bed flat in St Helier were in the region of £685 to £750 a month, although lodgings could be obtained at a lower price.

6.9 The average household income on Jersey (in 2014) is approx £35,000 (or £670 a week), ranging from an average of £49,000 in the financial services sector, down to just below £20,000 for those employed in hotels, restaurants and bars.

6.10 Data reported in the Jersey Affordability Housing index revealed that in 2013 approximately one half of working age adults (49%) cannot afford to buy homes in the cheapest / lowest price quartile (25%). This situation will have got worse compared to the previous couple of years, due to increases in house prices and mortgage rates making home loans more expensive to service.

6.11 Jersey in Figures reported that house prices rose by 3% between 2013 and 2014, representing the first annual increase since 2009. The exception was one bedroom flats where average prices were largely stable, increasing by just £1,000 to £211,000. This was the one bright spark for First Time Buyers (FTBs), who typically enter the property market at this stage and their presence is normally vital to the health of the rest of the market. Interestingly the report does not focus on the availability of mortgage loans for FTBs, nor on the size of deposits they are required to put down.

6.12 There is no financial assistance currently provided to First Time Buyers and Key Workers (such as nurses, junior doctors, paramedics and school teachers), to help them purchase a home, although back in 2013 there was a States' funded deposit loan scheme run on a trial basis. This is understood to have helped 55 FTBs with their house purchase, but it ran out of funds and has not been re-instated.

**Recommendation 20** - The Housing and Treasury & Resources Ministers should consider extending action point 1.2 of the Delivery Plan by October 2015, to specifically refer to other help to buy schemes, including funds for equity loans and mortgage guarantees, aimed at first time buyers on a means tested basis (such as those earning between £40,000 and £100,000 a year).

6.13 The Jersey housing market appears to have relatively few active lenders operating in it and the rates are less attractive than those offered in the rest of the UK. It is not entirely clear what the reasons are for this, but being dependant on a small number of lenders is not good and if any of them decide to pull out this could lead to significant problems. The supply of mortgage finance is a key pillar of any well functioning housing market.

6.14 During the early part of this review a number of key players reported that the Skipton building society had withdrawn from lending to FTBs on Jersey. This was sufficiently worrying to developers and estate agents for them to predict major difficulties for potential purchasers and a general slowdown in properties coming onto the market. Although this was subsequently denied by the Skipton, who said these were unsubstantiated rumours, it nevertheless revealed a weakness in the mortgage market on the island and an over reliance on a small number of lenders.

**Recommendation 21** – By October 2015 the Housing Minister should commission research to identify what measures could be taken to increase the number of lenders active in the Jersey mortgage market.

6.15 Currently there is very little housing available locally for purchase on a discounted price, shared equity or shared ownership basis. This makes it particularly difficult for people who do not qualify for affordable housing via the Gateway and would like to buy, rather than to rent privately.

6.16 Andium Homes sell about 15 properties a year through a deferred payment scheme, which allows purchasers to acquire a property at a percentage of its current value, based on an affordability test. These are usually 3 bedroom houses, which are being sold at 75% of their market value, so even buying these properties requires the purchasers to have access to a reasonable size deposit and a sizeable mortgage.



6.17 It was a surprise to find there is no use of shared ownership or other forms of equity share scheme on Jersey. This is understood to be for legal reasons. Although there is we believe a willingness to change the relevant law, it is included within a wider range of reforms to property law which may take some time to resolve. This will delay the addition of shared ownership to the toolkit of measures available to tackle affordability.

6.18 It is understood a number of stakeholders are concerned about shared owners eventually buying the whole of their home (called 'staircasing' to 100% ownership) and then selling it on the open market at a time of their choosing. People fear the property will therefore be lost to the affordable sector and the only true beneficiary of the scheme has been the original shared owner. It is possible to insert clauses in shared ownership leases which either restrict the % of property which can be bought (e.g. 75%) and/or require properties being sold to be offered initially back to the original vendor, or which restrict potential purchasers to those in some sort of measurable housing need, such as those in band 4 on the Gateway.

**Recommendation 22** – The Housing Minister should press for an early resolution of the legal issues which are preventing the introduction of shared ownership and to require conditions in the leases to be used which retain the properties in the affordable housing sector.

6.19 A major element in the cost of running a home is the price of energy for its heating. This can be heavily influenced by the quality and extent of its insulation – in the roof, walls and windows. The energy efficiency of a home can be calculated according to a SAP rating and it was surprising to find there is no central recording or monitoring of SAP ratings of housing on Jersey. This is despite the long established link between health and housing and the impact which greater insulation can have on improving residents' health and comfort, in reducing premature deaths in winter and in controlling energy costs and reducing fuel poverty. Improving health is one of the highest priorities in the States' Strategic Plan for 2015-18, so its omission did come as a bit of a surprise.

6.20 Both Andium Homes and the Jersey Homes Trust have said they collect and monitor their property SAP ratings. Private sector SAP ratings are normally collected as part of property condition checks and surveys.

**Recommendation 23** – By March 2016 the Housing Minister should have established a monitoring tool for collecting SAP ratings and reporting annually on the averages in different sectors of the housing market. This can then be used for promoting energy efficiency campaigns.

## 7 Looking Forward – Communications, Resources & Other Providers

7.1 It was clear from a number of interviewees that in recent years there have not been regular (or even irregular) discussions about housing issues, involving the key players in the supply of new housing and its subsequent management. This has led to something of an impasse, with different parties not fully understanding what others want, guessing what they think the others might want and possibly fuelling suspicions about motives, etc. This in turn can lead to a lack of trust.

7.2 It is necessary to tackle this and to create a more open atmosphere with a culture of joint working, where issues or concerns can be aired and discussed, and for solutions to be suggested and challenged, until proposals which attract majority support can be brought forward.

**Recommendation 24** - The Housing Minister should establish a housing forum or similar working group by December 2015. The group will consist of invitees from all stakeholders in the Jersey

housing market (including landowners, developers and affordable housing providers), with a remit to discuss issues of concern and to bring forward suggestions for their resolution.

7.3 Mixed opinions exist about the capacity of the construction sector on Jersey to deliver a sustained growth in new housing, alongside competition from other sectors, e.g. the construction of new offices, a new hospital and new ambulance HQ. Similarly little use has been made to date of modern construction methods, such as off site build.

7.4 If labour or skill shortages are identified but not successfully tackled, this would probably lead to construction projects being delayed. Alternatively the States may have to provide a higher number of licences for migrant workers.

**Recommendation 25** - The Housing Minister should undertake periodic reviews of the capacity of the construction sector on Jersey (at least annually) and to identify actions to address any potential or actual shortfalls in resources for housebuilding, such as labour or materials.

**Recommendation 26** - The Housing Minister should establish with house builders and developers a programme for trialling new house building methods to see how they can be used on Jersey to improve supply and affordability, but without damaging the local economy. The first meeting should be held by no later than March 2016.

7.5 A number of the proposed actions in the new Delivery Plan and this report's recommendations will cost money – either directly or indirectly, to implement but no estimates of costs have been listed in the plan and it would be useful for all parties, if a funding commitment was given alongside the plan.

7.6 The private rented sector is a largely untapped resource for helping to tackle some of the housing challenges facing Jersey. It is unregulated and while the standard of accommodation offered by many landlords is very good, this is not the case with all properties. Similarly there are no rules or standards which need to be complied with in terms of the services to be provided, the rents which can be charged or how complaints are to be resolved.

7.7 This provides little if any safeguards and security for the tenants of private landlords. Many landlords benefit from the income support system by charging rents which the States' pay. By introducing a licensing or registration scheme (either voluntary or mandatory) for private landlords, it should be possible to set a minimum acceptable standard of accommodation and service, backed up by an inspections programme. As an incentive to join such a scheme, private landlords could be offered assistance (such as training) and access to a pool of tenants via the Gateway.

**Recommendation 27** - The Housing Minister should consider opening up access to the Affordable Housing Gateway to private landlords by March 2016 and whether access is restricted to accredited private landlords. (This could be linked to an agreement over service standards and an inspection regime.)

7.8 There is also no forum established for discussing issues of common concern with private sector landlords, although there is a similar body for those running lodging houses. Such a group could act as a vehicle for training and ensuring up to date knowledge of regulations and good practice was being shared.

**Recommendation 28** – By November 2015 the Housing Minister should have established a forum or working group with private landlords and their agents, which meets at least twice a year, to share information and to promote best practice.

## 8 Amendments to the Housing Strategy framework document

8.1 A draft Housing Strategy framework report was issued while this report was being prepared and a briefing was given to the Panel on its content, in mid June. I am happy to advise the Panel that many of the issues or shortcomings identified during my review are to be addressed by actions set out in the document's Delivery Plan, and this is to be welcomed.

8.2 The Strategic Housing Unit (SHU) state their report is a framework for producing a detailed Housing Strategy for Jersey. The document is indeed a very useful step forward in setting an agenda and a vision for housing, as well as bringing together various initiatives, plans and statistics from a variety of sources. Regular monitoring and reporting on progress is to be welcomed.

8.3 The new framework document provides a comprehensive overview of the current housing market on Jersey, the set of challenges it is facing and a series of measures to improve the supply of all types of housing, while at the same time alleviating residents' housing needs and tackling concerns over affordability.

8.4 This is a welcome step forward and the SHU are to be congratulated on their work to date. If the Delivery Plan is successfully implemented, it will undoubtedly lead to improvements, but there are a number of areas where its impact could be increased by adopting certain changes.

8.5 The document, which exists as a consultation draft at present, includes a number of actions in a Delivery Plan, much of which is the responsibility of the SHU and is scheduled for completion during the next 12-18 months which appears very ambitious. To avoid the risk of delays and reflecting the importance of completing these tasks, it may be that the SHU needs additional, temporary resources to assist them with their work on a number of activities and the overall delivery – turning the framework into reality.

**Recommendation 29** – The Housing Minister should identify whether any additional resources will be needed to deliver the actions in the Delivery Plan. In particular this should address concerns over the potential funding of initiatives such as those set out in action 1.2 of the plan, but also for the SHU, to ensure the proposed completion dates can be met.

8.6 However, there are still some gaps or areas where the Delivery Plan could be improved. These are dealt with by detailed comments and my recommendations, which are set out in the body of this report.

8.7 In addition I also think the framework document could be linked better to other parts of the Island Plan and the States of Jersey Strategic Plan 2015 to 2018, such as the 'improving health and well being' section, to ensure co-ordinated action takes place. This would see it making more explicit links to funding minor adaptations to residents' homes, increasing the energy efficiency of existing (as well as new) homes and providing affordable homes specifically for key workers, like nurses.

8.8 The Strategic Plan also contains the following message *"We need to step up a gear and prioritise actions that will deliver sustained economic growth. In particular, that means driving productivity improvements so the Island can generate better returns from its resources."* I would suggest that a more pragmatic planning system, which encourages growth, coupled with a willingness to engage with builders and landowners to remove blockages on new developments, would help enormously. Similarly new methods for procurement and building properties should be investigated and encouraged.

**Recommendation 30** - The column 'How we will measure success' needs sharpening up, with more specific and measurable targets to be included. For instance how many new affordable

homes are to be built and by what date, how many vacant homes are to be brought back into use and specifying how energy efficiency is to be measured (e.g. using the SAP rating) and the targets to be aimed for. These might be assisted by the use of interim milestones, which would help monitor progress over time.

## **9 Concluding Remarks**

Ark would like to take this opportunity to record our sincere gratitude to the members of staff at the States of Jersey who have provided extremely valuable support in the course of work.

Report prepared by Patrick Mooney, of Ark Housing Consultancy  
10<sup>th</sup> July 2015

## Appendix One

Andium Homes have made a number of recommendations to the Scrutiny Panel in their written submission dated 9<sup>th</sup> June 2015. The recommendations (AR1 to AR4) are set out below in italics, together with comments on whether these should be supported or not, and an explanation of the reason(s) why.

*AR1. It is suggested the Department of the Environment should consider undertaking annual publication of a report on the supply of and demand for homes which includes an assessment on the effectiveness of the policies approved in the Island Plan, specifically Policies H1 and H5.*

We support this recommendation without qualification, annual reporting of targets and actual performance should be the norm backed up by clear explanations of any shortfalls in delivery or expected future problems.

This provides greater accountability and transparency, as well as allowing prompt action to be taken which hopefully averts any crises from occurring.

*AR2. Andium Homes is of the view that priority attention needs to be given to three matters:-*

- i) *The drafting and debate by the States of appropriate legislative change to permit the States to require Specific Performance for certain classes of property transaction, restricted initially perhaps to approved Deferred Payment Schemes and homes developed on sites approved under Policies H1 and H5 of the Island Plan; and*

H1 relates to the development of affordable housing on currently owned States sites and H5 relates to the small scale development of housing on former greenfield, re-zoned sites in rural areas.

- ii) *A revision of the Island Plan to introduce a policy which requires private landowners to provide a proportion of affordable housing on Category B private development sites or commuted sum ring fenced for use in the development of affordable housing. It should be recognised that the use of commuted sums should be the exception rather than the norm as on its own a commuted sum will not provide any additional housing unless there is land on which to invest in development; and*

We would broadly support this recommendation, which would bring Jersey into line with what happens in the rest of the UK.

However, you might want to allow yourself the freedom to use commuted sums for any housing related expenditure, rather than restricting its use to only the development of affordable housing. For instance, you might want to use it for funding a deposit loan scheme.

- iii) *A review into the potential benefits of encouraging additional lenders to become active in Jersey's mortgage market.*

We would support this recommendation, although it is doubtful if a review is necessary to establish the potential benefits.

Jersey suffers from having a limited body of private lenders willing to lend to home buyers and builders. This makes the market overly reliant and dependent on a small number of finance providers. Increasing competition and availability can only bring benefits, while reducing the importance of a single lender to the overall market.

*AR3. We would suggest that the West of Town should be the particular area of focus. This part of Town holds significant development potential which will be influenced by the outcome of the debate about the location of our Hospital as well as the reorganisation of blue light services around Rouge Bouillon culminating in the release and development of the Summerland and Ambulance HQ sites.*

This recommendation is broadly supported particularly if by its adoption, it leads to the production of a strategic master plan for a substantial area of St Helier.

This should assist in an overview being taken of planned developments and their impact on the community, as well as identifying the need for any infrastructure changes, rather than allowing piecemeal developments to dictate what happens.

*AR4. In Andium Homes the States has created a residential management specialist with appropriate staff resources and expertise. The States could make better use of these resources by either transferring residential assets to Andium Homes to be incorporated within the affordable rental portfolio or engaging Andium Homes to manage the properties as Andium Homes already does for Parish of St Saviour.*

This recommendation is broadly supported on the grounds of value of money and the consistency and quality of housing management services.

However, it may be appropriate for the States to request a business case from Andium Homes, to justify making a positive decision before proceeding. There may be grounds for asking for any transferred properties to be ring-fenced within the Andium stock, to facilitate the future reporting on costs/savings and service outcomes (associated with these properties), as well as any future transfer of the properties either back to source, on to new ownership or to another management provider.