

STATES OF JERSEY

r

DRAFT HOUSING (GENERAL PROVISIONS) (AMENDMENT No. 22) (JERSEY) REGULATIONS 200

Lodged au Greffe on 19th April 2005
by the Housing Committee

STATES GREFFE



Jersey

DRAFT HOUSING (GENERAL PROVISIONS) (AMENDMENT No. 22) (JERSEY) REGULATIONS 200

REPORT

1. History – qualification solely by continuous residence

1970 – 1980	The Housing Regulations were enacted stipulating that to achieve residential status a person had to reside in the Island continuously for 10 years to be qualified to lease, and then reside a further 10 years before qualifying to buy, making a total of 20 years to purchase.
1980 – 1995	The States agreed to remove from the Housing Regulations the right of an individual to gain residential status solely through length of residence, that amendment taking effect from 1st January 1980.
1995 – 2000	In 1995 the States agreed a new 20 year residence period to entitle a person to either lease or purchase but, in the light of the 1980 amendment, this had no practical effect for any resident until 2000.
January 2001	The States agreed to reduce the residential qualifying period from 20 years to 19 years, and that further reduction should be made in stages until 15 years was reached.
February 2002	The States agreed to 18 years.
November 2002	The States agreed to 17 years.
June 2002	The States agreed to 16 years.
December 2003	The States agreed to 15 years.

- The rather drastic step of abolishing any period of residence enabling qualifications for controlled housing was taken in 1980 against the background of an increasing population and with demand for housing putting the existing housing stock and prices under much pressure. The intention was to provide a disincentive to people taking up residence in the Island. However, the increasing availability of employment compared to the scarcity of jobs elsewhere, in the United Kingdom and Europe, caused people to make economic decisions to take up residence in the Island in spite of the prospect of never achieving access to the controlled housing market. This resulted in a substantial growth in the unqualified sector and highlighted the two-tier system. In 1995 the States recognised the unfairness of the system and agreed to a new qualifying period. Such was the pressure on the housing stock at that time that no actual reduction in the unqualified sector could start to take effect until 2000. The States did consider a proposal at that time to make the period 15 years, which would have had immediate effect, but that was overwhelmingly rejected.
- The experience of the additional demand on the housing stock during the gradual reduction from 20 to 15 years has been that the increase in qualifiers has been absorbed into the existing housing stock without any undue increase in prices or reduction in the general availability of accommodation. In addition, the overall economic and employment climate has in itself reduced the demand for controlled housing at a time when there has been continued activity in the development of new units (see the **Appendix** to this Report).
- Having arrived at 15 years, the Committee, in order to continue a regular decrease in the qualifying period considered proposing a further reduction in November 2004. However, in view of the then imminence of the States debate on the Migration Policy it was decided that that debate should take place first. Now with that debate still apparently some months off, and with 16 months already elapsed since the last decrease

was agreed, the Committee feels that it is timely to seek a further one year reduction.

5. The Committee sees no conflict with the proposals in the Migration Policy and, whether these proposals are adopted or not, there is every reason to continue to reduce the effect of the two-tier housing system and allow more long-term residents full access to the housing market.
6. The Committee does not wish to seek a mini-debate on Population Policy, and is convinced that this simple amendment, the purpose of which is entirely consistent with States overall Strategic Policies, should be debated on its own merits.

REDUCTION IN HOUSING QUALIFICATION PERIOD

The States has on 5 occasions in the last 5 years approved a reduction in the residence required for newcomers to the Island to obtain Housing qualifications. The tables below show the effect of the changes on the Housing market in terms of additional demand to lease and purchase, new households claiming rent rebate and additional households accepted for social rented housing. The first table shows both persons qualifying and consents granted. The most relevant figures are those for consent granted as these reflect households which, with a previously non qualified head of household, now occupy a unit of Housing controlled property.

Table 1– Effect of reducing residential qualifications period since 2001

CONTINUOUS RESIDENCE	DATE AGREED BY STATES	TOTAL ADDITIONAL QUALIFIERS	ACTUAL HOUSING CONSENTS
19 Years	18th January 2001	122	64
18 Years	14th February 2002	124	52
17 Years	18th November 2002	90	25
16 Years	24th June 2003	131	49
15 Years	9th December 2003	277	106
	TOTAL	<u>744</u>	<u>296</u>

Table 2– New qualifiers who purchased accommodation

CONTINUOUS RESIDENCE	PURCHASERS	APARTMENT	HOUSE
19 Years	22	10	12
18 Years	14	6	8
17 Years	9	3	6
16 Years	23	10	13
15 Years	27	12	15
	<u>95</u>	<u>41</u>	<u>54</u>

Table 3– New qualifiers who leased accommodation

CONTINUOUS RESIDENCE	LESSEES	CLAIMING RENT REBATE
19 Years	41	4
18 Years	37	4
17 Years	15	1
16 Years	24	5
15 Years	73	16
TOTAL	<u>190</u>	<u>30</u>

Table 4– New qualifiers who applied for States rental accommodation

--	--	--

CONTINUOUS RESIDENCE	HOUSED IN STATES RENTAL	APPLIED FOR STATES RENTAL
19 Years	1	5
18 Years	1	3
17 Years	1	3
16 Years	2	8
15 Years	6	12
TOTAL	<u>11</u>	<u>31</u>

By reducing the qualifying period from 20 years to 15 years in the space of 4 years, 291 households have been added to the demand for purchase and lease of accommodation. This is a relatively small number given the 31,184 qualified households recorded by the 2001 census. New residential units coming onto the market have been sufficient to prevent any noticeable increase in prices, as reflected in the House Price Index which has remained flat for the last 3 years.

About 10% of those 296 households granted consent are now claiming Private Sector Rent Subsidy at an estimated cost of £120,000 per annum. Eleven households have been accommodated in States rental accommodation.

The implication of further reductions in the qualifying period can be considered in the light of data provided in 2001 census. In 2001 there were 4,378 households where the head of household was not residentially qualified. These households comprised a total 9,086 people, averaging just over 2 persons per household.

The census also records for all residents when the present period of residence in Jersey commenced. From 1986 to 2000 inclusive a total 19,303 persons took up residence in the Island and remained resident until at least March 2001. Given that in March 2001 only 9,086 persons lived in households where the head of household was unqualified one can assume that at least half the people taking up residence during the 15 year period referred to above had Housing qualifications.

The same exercise for the 15 year rule shows potentially 255 non-qualified households arising from the 1,062 persons taking up residence in 1989. In just over 12 months, from 31st December 2003 to 31st December 2004, a total of 101 consents have been granted under the 15 year rule- again well under half the theoretical potential maximum of 255.

There are many reasons why the assumptions based on new residents in particular years give a much higher figure for potential qualifiers than the actual Housing consents granted through the residences rules today. The census figures are already nearly 4 years old and the unqualified sector is made up of a constantly changing population with considerable movement in and out of the Island. Marriages and relationships occur regularly between qualified and non-qualified persons and there are quite a number of households occupying non-residentially qualified accommodation which is acceptable to them or maybe provided as part of employment package.

In forecasting the implications of further reductions in the residential qualifying period one can take a best and worst case scenario. Based on the reductions to 16 year and 15 year qualifying one could assume that a reduction to 14 years would result in between 100 and 140 households taking up consents in the first 12 months after introduction. On the basis of the new residents that arrived in 1991, a maximum of 240 households could qualify.

Looking at the actual number of consents granted in the tables above, it can be seen that there is some acceleration in the number of consents as the number of years for qualifying reduces. Taking that into account it may be overly optimistic to consider the lower figure, i.e. 100 to 140 for a one year reduction as the most reasonable to use for forecast purposes. Equally the higher figure appears unreasonably pessimistic. On balance, taking the various factors into account a figure for a one year reduction from 1st January 2005 could be set at between 150 and 200 new households. The implications for the Private Sector Rent Rebate Scheme for a one year reduction using 10% as the likely take-up would be between 15 and 20 new applicants at a cost of between £60,000 and £80,000.

The effect on the States Rental Waiting List is difficult to quantify. On the basis of the experience of the last 4 years only 11 new qualifiers out of 296 consents have become States tenants although 31 registered on the Waiting List. A one year drop from 15 years to 14 years could result in 15 to 20 new cases going on the Waiter List although the numbers housed would probably be in single figures.

Explanatory Note

These Regulations change, from 15 years to 14 years, the period for which a person must reside in Jersey before becoming entitled to obtain the mandatory consent of the Housing Committee to the purchase or lease of land by the person or the transfer of land to the person. The period was reduced from 16 years to 15 years in 2003.

These Regulations will come into force 7 days after they are made.



Jersey

DRAFT HOUSING (GENERAL PROVISIONS) (AMENDMENT No. 22) (JERSEY) REGULATIONS 200

Made

[date to be inserted]

Coming into force

[date to be inserted]

THE STATES, in pursuance of Articles 10 and 15 of the Housing (Jersey) Law 1949,^[1] have made the following Regulations –

1 Regulation 1 amended

In the Housing (General Provisions) (Jersey) Regulations 1970^[2] –

- (a) in Regulation 1(1)(f) for the number “15” there shall be substituted the number “14”; and
- (b) in Regulation 1(2C) for the number “15” there shall be substituted the number “14”.

2 Citation and commencement

These Regulations may be cited as the Housing (General Provisions) (Amendment No. 22) (Jersey) Regulations 200 and shall come into force 7 days after they are made.

^[1] *Recueil des Lois, Tome VII, pages 539 and 543 and Volume 1992-1993, page 117.*

^[2] *Nos. 5444, 5981, 6284, 6420, 6651, 6720, 6903, 7167, 7572, 8170, 8592, 8866, 8919, 9446, 16/2001, 54/2001, 14/2002, 135/2002, 14/2003, 52/2003 and 148/2003.*