

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY THE DEPUTY OF ST. JOHN
ANSWER TO BE TABLED ON TUESDAY 29TH NOVEMBER 2016**

Question

What effect have (a) the reduction in housing qualifications from 20 to 10 years and (b) the introduction of the Control of Housing and Work (Jersey) Law 2012 had on (i) demand for housing, (ii) the Island's demographic profile and (iii) economic growth?

Answer

The March 2011 census, which was undertaken following the reduction in the qualification period to 10 years,¹ showed a change in the decisions taken by people moving to Jersey, with more people who moved to the Island choosing to stay in the Island. This can be shown by comparing for the 2001 and 2011 censuses with reference to the number of people who arrived during the 10 years preceding the census and who remained resident at the time of the census. The censuses are published online at

<https://www.gov.je/Government/Census/Pages/Census.aspx>

and the Statistics Unit have underlying data tables which supports this.

It is not possible to say whether this change in behaviour between 1992 – 2001 and 2002 – 2011 was due to a reduction in housing qualifications; or a change in the profile of migration over the period, with more people coming from Eastern Europe; or changes in the external economic environment whereby more people remained in Jersey rather than moved away after the economic crisis of 2007 – 2008.

However, the strongest determinant was likely economic conditions, as net migration has traditionally followed economic performance, as illustrated by the below graphs of employment growth and net migration:

¹ Table for reference:

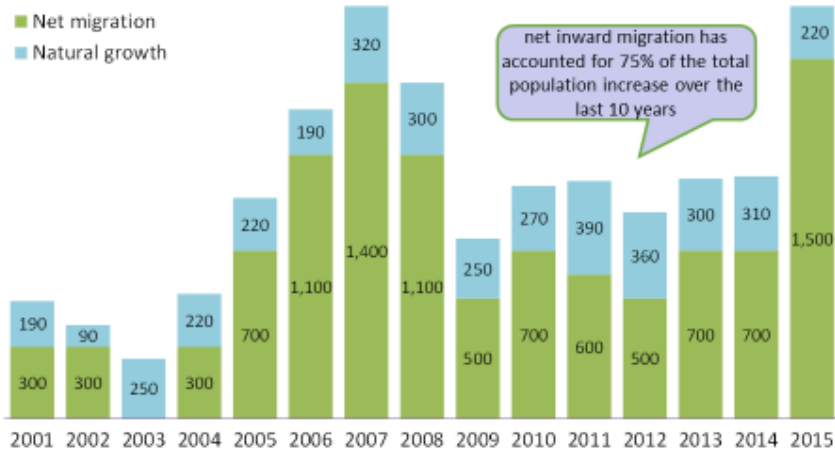
HOUSING QUALIFICATION PERIOD	DATE AGREED BY STATES
19 Years	18 January 2001
18 Years	14 February 2002
17 Years	18 November 2002
16 Years	24 June 2003
15 Years	9 December 2003
14 Years	17 May 2005
13 Years	2 May 2006
12 Years	25 April 2007
11 Years	13 May 2009
10 Years	1 December 2010

Total Employment

Annual percentage changes in total employment: 1999-2015



Change in resident population 2001 - 2015



Within this, it is reasonable to believe that the reduction in the housing qualification period *did* mean that some people stayed when they otherwise would have left, and that this has had some impact. In particular, each time a reduction was proposed by the Housing Committee or Housing Minister of the time, an outline of the number of people who may qualify was provided, with the final reduction to 10 years indicating that 300 - 500 people would likely qualify early as a result of the reduction to 10 years. Equally, it is important to be clear that the effect of housing qualifications in isolation was most likely about people staying longer, not on the total level of population in Jersey; and if they had left, to a substantial degree, they would have likely have been replaced by newcomers as businesses sought replacement staff. Assuming this is the case, this would have the following implications:

- (i) *Demand for housing* – people staying longer and obtaining their entitled status will place additional demand on the *qualified housing* market as they obtain access to this market; but it does not mean more people are in Jersey or that the overall demand on the housing market is greater (as people who leave are replaced by newcomers as businesses replace staff).
- (ii) *The island's demographic profile* - people staying longer will have an impact on our demographic profile as these people staying will be ageing. The impact of this on our demographic profile will

not become evident for some time - with 64% of arrivals in the census period 2002 – 2011 being 35 or under.

As these people do age, however, it will add to our ageing demographic, most notably having an impact on the number of people in the age 65 – 69 age cohort by 2065 (see Jersey population projections, 2016 release:

<https://www.gov.je/Government/JerseyInFigures/Population/Pages/PopulationProjections.aspx>)

However, our established population is also ageing, and to place some context around this:

- At net nil migration, the over 65 population will increase from 16,700 in 2015 to 29,800 by 2065 (and at +325 migration to 32,600, and at +1,000 migration to 38,500).
- Indeed, any migration scenario of less than +325 will see the workforce size also reducing over this period.

(iii) *Economic growth* - businesses being able to retain staff with more knowledge and expertise of working in Jersey is likely to benefit economic growth, especially in relation to higher skilled staff staying longer.

It is also likely to reduce transactional costs on business, as the longer they retain staff, the less recruitment they have to process, and the less they have to invest in training new staff. Indeed, one of the reasons Jersey has been able to attract talent and business has been the relatively positive business environment.

As to the Control of Housing and Work Law, it is used in line with the current strategic plan objective to “secure migration which is targeted and delivers the greatest social and economic gain”.

In 2015, Jersey experienced record private sector employment of +1,900 workers, but we also experienced high levels of net migration of +1,200 workers as a result due to businesses being unable to source all their labour needs locally.

Within this, half of all new permanent registered permissions requested under the Control of Housing and Work Law were refused (460); and of those approved (458); most were in construction (153); financial services (94); and private health and education businesses (45). These were also the sectors where employment growth was strongest. As such, decisions taken under the Law are clearly correlated to employment growth, and as such, the nature and level of economic growth.

This strong economic growth and consequent net inward migration does impact on our housing position. The latest housing needs survey reported a shortfall of 1,600 homes over the next 3 years, assuming nothing gets built over that period and applying a net migration assumption of +1,000 over the next 3 years.

However, work is underway to further target and focus the Control of Housing and Work Law, and a large number of homes are under construction, or planned, including 1,000 from Andium Homes supported by public investment.

In addition, other government strategies are aimed at working toward a growth in housing supply in the context of a better town while preserving our countryside, including the growth of other social housing providers, the use of public lands to deliver homes, and the development of the Jersey International Finance Centre to provide better office space which creates opportunities for the conversion of commercial units elsewhere. This is all consistent with the overall housing strategy – more and better homes in better neighbourhoods.

As can be seen, these are complex and inter-related issues; ageing, our environment, our economy, housing, and net migration. This is why the Council of Ministers have supported the development of a

long-term plan for Jersey, enabling a direction to be set which achieves the best overall outcomes for the Island, including measures to reduce future demand for new migration, for example, higher skills and educational performance, healthy life expectancy, and a more productive economy. This is about securing a good quality of life for Islanders into the future. The “MyJersey” Survey has been completed as part of this work, which will culminate in a new long-term plan in the Summer of 2017, supported by a broad evidence base.