

STATES OF JERSEY

Health, Social Security and Housing Scrutiny Panel Housing Transformation Programme Sub-Panel Meeting with the Minister for Planning and Environment

WEDNESDAY, 25th JULY 2012

Panel:

Deputy K.L. Moore of St. Peter (Chairman)
Deputy J.G. Reed of St. Ouen
Deputy J.M. Le Bailly of St. Mary
Senator A. Breckon
Ms. A. Davies (Panel Adviser)

Witness:

Deputy R.C. Duhamel of St. Saviour (Minister for Planning and Environment)
Mr. A. Scate (Chief Executive Officer)
Mr. Y. Fillieul (Business Manager)

Also Present:

Mr. T. Oldham (Scrutiny Officer)

[11:28]

Deputy K.L. Moore of St. Peter (Chairman):

Good morning, I just have to remind the members of the public that they are familiar with our code of behaviour and if they would be kind enough to observe that, we would be very grateful. We will start by introducing ourselves just for the record. I am Deputy Kristina Moore, Chairman of the sub-panel.

Deputy J.G. Reed of St. Ouen.

Deputy James Reed, sub-panel member.

Deputy J.M. Le Bailly of St. Mary:

Deputy John Le Bailly, sub-panel member.

Ms. A. Davis (Panel Adviser):

Abigail Davis from the Chartered Institute of Housing.

Senator A. Breckon:

Senator Alan Breckon, sub-panel member.

Mr. T. Oldham (Scrutiny Officer):

Tim Oldham, Scrutiny Officer.

The Minister for Planning and Environment:

Deputy Duhamel, Minister for Planning and Environment.

Chief Executive Officer:

Chief Officer, Department of the Environment.

Business Manager:

Business Manager, Department of the Environment.

The Deputy of St. Peter:

Excellent, thank you very much. Minister, would you like to turn your microphone towards you to make sure we can hear you nice and clearly. We would like to start with the general issues around social housing and we would be interested to know what you, Minister, see as the purpose for social housing?

[11:30]

The Minister for Planning and Environment:

The purpose of social housing. I think it is provide housing accommodation for those persons who are not in a position to afford it in their own right.

The Deputy of St. Peter:

Do you see that as a long-term offering, providing security of tenure, or a short-term?

The Minister for Planning and Environment:

I think personally it should be for a short period of time because I think Government policy should really be rejigged to encourage people to stand on their own feet as far as possible. So our income support systems and social housing systems should really be only offered for as long as people are by themselves in those unfortunate economic circumstances. In some instances it is going to be that people if they are disabled or they have other long-term problems they have to avail themselves of the opportunities of social housing for a longer time. In general I would suggest that it is the Government's main aim to try and seek to minimise the number of units that are used long term rather than to maximise it.

The Deputy of St. Peter:

Would you therefore suggest that we have the right supply of social housing in the Island at the moment, or do we need more or less?

The Minister for Planning and Environment:

Whether we have the right supply? I think the supply in terms of numbers is probably right but it is the tenure. At the moment what is happening in my view is that we are allowing the construction industry to build unaffordable homes at unaffordable prices and, as a consequence, the whole thrust of the move to establish housing as housing trust body or social housing provider is mainly concentrated on provision of social rented housing and I think that is not necessarily the way forward.

The Deputy of St. Peter:

When do you expect your policy to provide affordable housing to come into practice?

The Minister for Planning and Environment:

There is a little bit to go. I signed a ministerial decision today to put the H3 policy out for further consultation. There has been some industry negativity, if you like, in that I think it is perceived by the industry that the Minister for Planning is seeking to curtail the profits made by that industry, which in a lot of cases are probably exorbitant.

The Deputy of St. Ouen:

Just picking up on that, presumably there is an issue about trying to reflect or achieve a lower value in site values and what is allowed on the site will reflect its value. Therefore one could argue it is not the developer that necessarily is the one that will be affected. It will be the seller.

The Minister for Planning and Environment:

I think that is generally right. Certainly as part of the consultation process I am mooting a different affordable homes mechanism which will encourage, as far as possible, the better and more efficient use of existing States owned sites to greater densities but to higher standards in terms of amenities and internal space so that our own sites will allow us the opportunity to take out the land cost as one of the ways of bringing the overall price of a unit down to a more affordable level.

The Deputy of St. Peter:

How do you take out the land cost?

The Minister for Planning and Environment:

You can take out the land cost by retaining the land in the ownership of the States and in the public of Jersey and not conveying it as part of the sale price. There is no particular need. If it is owned by the public and it remains owned by the public then that is one mechanism to reduce prices.

The Deputy of St. Peter:

Propose a sort of flying freehold sale?

The Minister for Planning and Environment:

Well, fly freehold or share transfer, whatever, it is the property that would conveyed but the other thing is that we have to ensure that building technologies are used that encourage a wise use of building materials and it could be said as part of some of the studies and analysis that is undertaken that a number of the construction technologies that are used these days are not really fit for purpose and do no more than to increase the overall cost of the units unjustifiably.

The Deputy of St. Ouen:

Can you just remind us what is the current policy on the use of States own land to provide social housing?

The Minister for Planning and Environment:

The current policy is exactly that, to provide social housing and that is a clear policy as to whether or not the units on existing States own sites should be sold generally.

The Deputy of St. Ouen:

For my own interest, do you see any problem with the requirement for the States of Jersey Development Company to maximise the potential in yields of a particular site and a policy that says: “Well, all States own sites should be used to provide social housing which cannot reflect in the value attached to that area”?

The Minister for Planning and Environment:

I think there is a potential conflict of interest, particularly the monies that are going to be gained by the sale of any properties of States owned accommodation is on the open market and those monies are then returned to the Treasury.

The Deputy of St. Ouen:

How do you see that tension being managed?

The Minister for Planning and Environment:

I think the tension is probably best managed by the mechanisms that we are developing at the moment, which is ostensibly through the functions that can be exercised by the Minister for Planning. The master planning and development briefs are the sole remit of the Minister for Planning, which is myself. At that point if individuals at States owned sites are deemed to be surplus to requirement, it is only then that they, under the formula for the setting up of the States of Jersey Development Company, will be passed over to that body to seek to work to the brief and to determine how the accommodation gets built or refurbished or whatever.

The Deputy of St. Ouen:

Is there any specific policy within the new Island Plan that comments on and highlights what may be required from States owned property by the way of accommodation?

The Minister for Planning and Environment:

There is as much as there is a body of work which we are undertaking through consultation at the moment on the H1 and the H3 sites and that body of work has to come back to the States for agreement before we move to the next stage.

Chief Executive Officer:

Shall I elaborate on policy H1. H1 is the main policy in the Island Plan which tackles States owned sites insofar as a number of States owned sites are identified for up to 150 homes for category A dwellings. That is what the Island Plan requires.

The Minister for Planning and Environment:

As a first tranche.

Chief Executive Officer:

Over and above H3 which applies to all land coming forward privately and that would include Property Holdings coming forward privately in effect, which then requires a percentage of those sites to be developed for affordable homes as well as private homes. So the current Island Plan requirement is that H3 applies ... when Property Holdings sells a site or when they bring forward a site, we treat that site as any other development site in the planning process so that is when H3 will apply, when it wants

approval. H3 will require 12.5 per cent homes going up to 20 per cent affordable homes or whatever the mechanism will be following our consultation process. So that will apply. That is the industry standard for all future housing developments. Over and above that the Island Plan requires States owned land to deliver another 150 homes in the plan period. So that is an additional requirement placed on the States assets.

The Minister for Planning and Environment:

That is 150 in the first 5 years, with an overall requirement for?

Chief Executive Officer:

The Island Plan requires 1,000 affordable homes within its 10 year life.

The Minister for Planning and Environment:

So it is roughly a quarter of all that is going to be built.

Chief Executive Officer:

Yes, in terms of supply of that 1,000 we expect the H3 policy to deliver 400 to 500 homes, let us say 500 homes for the sake of my maths. The H1 policy is designed to deliver 150 and the balance, the 300-350 comes from existing zoned sites which are carried forward into this plan period, which would include some of the 2008 rezonings and some of the earlier 2002 rezonings. So that is where the 1,000 is made up from. Clearly that is what the plan requires so if it is greater than that then the Plan will allow greater numbers to be delivered.

The Deputy of St. Peter:

Please forgive for being rather simplistic, but could you just clarify for me the difference between a States owned site and site owned by Property Holdings?

Chief Executive Officer:

No, they are same.

The Deputy of St. Peter:

They are all the same?

Chief Executive Officer:

They are the same, yes.

The Deputy of St. Peter:

So H1 sites were defined within the Island Plan last year.

Chief Executive Officer:

Yes, what we did in H1 is list those sites that we knew were likely to come forward within town. So that is where we would expect the additional 150 homes to be provided. It will be on one of those sites or a blend of them.

The Deputy of St. Peter:

Did you have another question?

The Deputy of St. Ouen:

Yes, it was really about numbers. We are told that we require more social housing. There is also another issue where it was being introduced more recently, which is about affordable homes to purchase. How confident are you that the Island Plan, which was agreed last year, will be able to satisfy the demand for social rental housing over the life of the Plan?

The Minister for Planning and Environment:

Personally I am very confident that that is the case but I think the issue that has to be addressed is a little bit wider and that is if people are in a position of being able to pay maximum rent in the States sector then I think they should be equally in a position to be able to get bank lending in order to purchase an affordable home. So the question is not just should we be building homes that are too expensive and thereby saying that we need to increase the number of social rented units by high amounts because we are artificially rigging the market, if you like, to ensure that people cannot afford, I think we should be operating it from the other direction. In the work I have been undertaking just recently it is pretty clear from the banks and the other building bodies that if indeed we do build on States owned sites to the way I described earlier then with the other mechanisms involved, which is pegging the borrowing at the same level as the affordability of paying maximum rent, the bank's are in a position to loan on that basis at sensible mortgage levels and, indeed, if we introduce a further requirement from planning to insist on, as far as possible, the take up of affordable building technologies to reduce the overall build costs then all those 3 mechanisms will substantially bring the cost of property down and allow more people who can afford to rent to purchase. So I do not think it is a just a case of saying from the housing perspective we need to increase the number of rental units, that is not necessarily the case.

The Deputy of St. Peter:

If I may just pick you up on 2 points there, Deputy. Currently in this economic climate the banks seem quite resistant to lending money, so what makes you confident that they will be keen to do so?

The Minister for Planning and Environment:

I have spoken to the banks and it is not the case that the banks are resistant to lending money, the banks are resistant to lending money to people who present themselves as a greater risk. If you are a recently married couple and you have got decent jobs and the only accommodation that is available for purchase is in the order of £350-450,000 then the amount of cover that has to be applied to your wages is too high. So what we are specifically looking for is to provide formal units which people can afford to purchase at the lower end. The recent Statistics Department piece of work endorsed this principle and suggested that 80 per cent of those on medium wages would be quite capable of purchasing outright their own properties with bank mortgages and led by compliant banks if those properties were at an order of £200,000. That is my definition of affordable housing.

The Deputy of St. Peter:

I see, thank you.

The Minister for Planning and Environment:

It is pegged at the level of the maximum rents in that sense.

The Deputy of St. Peter:

Yes, I see, thank you. But when we talk about those social housing tenants who are able to pay the maximum rent they tend to be, if you look at the statistics, older people who perhaps their families have grown up and left the nest and therefore they have both been able to go out to work and increase their professional ability, experience, and therefore their earnings have increased but they find themselves at a certain age where it is difficult for them to finance.

The Minister for Planning and Environment:

That is only because the current interpretation of mortgages is normally to the day that you retire. There are intergenerational mortgages on the market and back to back mortgages so I think if indeed the banks are in a position to offer these facilities the key importance is whether or not you can afford to pay the repayments, not how long you are going to be making those repayments.

[11:45]

You might as a retiree only pay 15 years out of a 25 year period or whatever but that gives you an asset that can be either passed on to your children, and again that is a big incentive as far as children are concerned to have your parents pay for the property and they pass it on to you, or indeed it is an asset that can be sold as part of the estate and passed on to those who will share in it.

Chief Executive Officer:

I was going to answer the point about the land use planning system can deliver homes to whatever tenure is expected to be delivered in effect. At the moment we have a category A definition which includes first time buyer properties, social rented properties, lifelong home properties for rent, lifelong home properties for purchase and home buy properties, albeit we do not have an approved Home Buy policy. When Planning zones a site we often zone it for either category A or category B dwellings. Category A at the moment is just a form of housing in effect so incorporates a wide-range of definition there. What normal practice is the need argument then gets played into the need is this and therefore the provision could well be this type of tenure rather than another form or tenure. Clearly from developers we get a push to develop purchased products, whether it be first time buyer properties or lifelong homes for purchase or Home Buy properties because that is where there is more value to social rented properties. So just a quick answer, the planning system will deliver whatever is required of it to deliver depending on the rules that are set up. So if we had to deliver 2,000 affordable homes then clearly the planning system would have to respond to that and we would have to look at where the supply of those homes would be coming from and therefore deliver some sort of land use solutions to it. So at the moment it was designed, certainly when it was approved last year, to deliver 4,000 homes over the 10 year period of which 1,000 were expected to category A affordable. Clearly I think trends in waiting lists and things over the last year have really pushed up the social rented list compared to possibly other forms of purchase products. So it does vary upon which year you are in. I would say the planning system is flexible enough. Some would argue it is not very flexible but we can be flexible as you want it in terms of encouraging additional land supply if it is required.

The Deputy of St. Mary:

With the affordable type homes obviously this is going to be affordable, it will not be subsidised, it will be affordable basically because you are changing the method of build. Will there be legislation in place to stop the purchasers speculating?

The Minister for Planning and Environment:

I think there is and this is being looked at by the Law Officers at the moment. Indeed in a lot of properties they are conveyed by share transfer at the moment and under that system you can ringfence the onward sale of property, i.e. a deed and covenant, to ensure that the overall shell company, if you like, is in a position to be at the front end of the queue to receive the properties back at the former price. You can write in whatever you wish to write in to material like company structures and that is the way that I have been looking at to do it.

The Deputy of St. Mary:

So if we do that we should not affect the rest of the housing market?

The Minister for Planning and Environment:

No, absolutely. That has really been an unsubstantiated worry because structurally we are aware of that, if indeed any number of truly affordable homes, coining the phrase, come on to the market then the suggestion is that everybody will want to own one of those and nobody will want to own one of the higher priced speculative investments. I do not think that is the case. I think what will happen is that those who wish to purchase an affordable home as a home to live in for a long period of time will do so and those who wish to purchase a speculative plot or opportunity to make a killing or to be party to a States discount of whatever will do that for those reasons. So I think they are 2 mutually exclusive markets.

The Deputy of St. Mary:

Do you see the range of people occupying as being youngsters, first time buyers through to perhaps elderly people that wish to downsize?

The Minister for Planning and Environment:

I do, yes, definitely.

Chief Executive Officer:

I think it is clear in the housing market that there are a range of needs required, so you need a range of products to meet a range of needs generally. There will be some people in circumstances who cannot achieve mortgages and therefore they may well be in need of special inducted housing or they may well be renters for all their life. That might be their circumstance. There may be other people who can get mortgages and therefore they would be looking at a form of purchasing product, which is why you tend to have a range of affordable housing definitions. I think the key to it is making sure that you get the right information, if you like, feeding into the system to make sure you are delivering the right products based on the demand. I think that is one of the issues that we have got when the housing gateway is developed it will offer us a capture point of that information. People who, frankly, are going into the gateway, they cannot find a housing solution in the private sector themselves whether it be rented or purchased solution. Therefore they come into the gateway and

potentially will be put into a range of bandings depending on their needs and circumstances. As a result certain products are then labelled to them. That should be how it works but, as I say, depending on that need mix the planning system may well be asked to deliver various different forms of affordable housing in its life, in the life of the next plan et cetera.

The Deputy of St. Mary:

So this new category of housing, if you could provide enough of it, because there are people out there that would be paying rent that would buy these kind of places could substantially reduce the social housing?

The Minister for Planning and Environment:

Absolutely, yes. In fact I was looking in the first instance of suggesting that when we come to sorting out who is eligible for the opportunity to take on these premises then perhaps through the existing gateway system, with the Housing Department ... and according to their figures of about 4,500 on the roll roughly a third are paying full rate. So the idea would be if we could decanter those full rent payers into affordable purchase opportunities it would release those equivalent units back into social rented without having the need to build further social rented units.

The Deputy of St. Peter:

So, Minister, you are making the assumption that a third of social housing tenants ...

The Minister for Planning and Environment:

It is not an assumption, it is from the figures that are produced by the department.

The Deputy of St. Peter:

Yes, but therefore if they are paying full rent you assume that they are able to purchase a property. One of the major issues once you have bought a property is that you have to maintain it and do you assume that they would also be able to afford the maintenance of those properties?

The Minister for Planning and Environment:

Certainly if the experience of the Housing Department is anything to go by, I think, yes, you can do a lot of maintenance for nothing.

The Deputy of St. Peter:

Can you elaborate a little bit?

The Minister for Planning and Environment:

That is probably an unfair flippant comment but at the end of the day the maintenance budget ... if you look at the Homes Trust, for example, the rents are top sliced so roughly 18 per cent of the gross monies coming in through the rentals are put into a fund that covers not only maintenance but admin fees and a range of the monies go into a fund to pay for the rebuilding of those properties should they require it in the future. So the level of admin and maintenance charges in my view should not exceed the 20 per cent mark. It depends how big the administration fee is but normally that is around about 5 per cent maximum.

The Deputy of St. Peter:

Do you think taking on that burden and risk themselves would be desirable to people ...

The Minister for Planning and Environment:

I think it is not only desirable but it is inherently sensible. What I am also proposing is a management structure that I saw in Austria on a visit with other politicians a number of years ago and it is within the wherewithal of the Minister for Planning if he so wishes - and I think I would in this case - to insist that the ground floor of any large block be retained for the generation of revenue or for extra amenity services. So that would mean, for example, if you look at the Spectrum development, the ground floor is put into supermarkets and hairdressers and the rest of it, those generally represent to the developer the cream on his cake, so to speak, for the development and he is able to secure business rentals which is an extra to the overall remit which was to build residential. So what I am suggesting is that if it is a planning obligation which can be applied, and I think it is, to insist that the ground floor is used for those purposes then that could represent a revenue generating scheme to pay for maintenance of the whole of the block without having to have a further burden placed on the individuals to pay those monies. Once the purchase has been made, that could be within the wherewithal of the residents' association who would have a say in how the grounds or premises were operated, it could well be that they might decide that having paid off their mortgages they would prefer to use those premises for further amenity uses, in which case some of the things we saw in Vienna, we had mini art centres and things and people using the places for crèches or what have you, which again had a knock on effect to provide community involvement and amenities that would not otherwise be able to be funded. So it is a complete holistic package basically which you can flex and stretch in order to fit people's general ability to pay.

The Deputy of St. Peter:

We are going a little bit off pitch but I will just ask one more question to follow up on your recent comment there. You are assuming that we would build more blocks of flats?

The Minister for Planning and Environment:

When you are saying more blocks of flats, I think the usage of the words is somewhat pejorative. People do not like the word "flat" or "apartment" in fact if you go to the U.K. (United Kingdom) and a lot of places you can have houses in the sky, you can have duplex units, you do not have to have flatted apartments in apartment blocks. So there is the ability again - and it comes back to the Minister for Planning and how the brief is set - to turn the mix of units, whether they are all single-storey, 2 storey, 3 storey, within an apartment block. I think that allows people to be picky and choosy as to their own personal preferences.

The Deputy of St. Peter:

You would be of the opinion that that would be desirable to the public, general public?

The Minister for Planning and Environment:

I think it is not only desirable but it represents the most flexible way forward.

The Deputy of St. Peter:

Okay, thank you. In the position that you have described where we were reducing the number of social housing tenants, that would mean under the current structure of the system there would be less money flowing to the Treasury which is moved around at the moment and it is paid out income support. Do you think the Treasury would be able to sacrifice that rental or revenue income from the loss of social housing tenants?

The Minister for Planning and Environment:

I think it would, yes.

The Deputy of St. Peter:

On what basis?

The Minister for Planning and Environment:

People would be removed from a situation where they are not being encouraged to stand on their own 2 feet. To work as hard to put their own roof over their own head and to be reliant, or more reliant on the State for subsidies and support, into a situation where they are more capable of standing on their own 2 feet.

The Deputy of St. Peter:

But the people you are wanting to take out of the social housing arena are the people who do not need income support, therefore those would be left in social housing would be those who required income support but there would not be any funds going to the Treasury to pay the income support.

The Minister for Planning and Environment:

That comes back to my original suggestion is that I thought that social rented accommodation should only be used for those persons who required it for the length of time that they required it for. So I think the States as a whole, that is all of us, should probably reflect that as a cost. We should not, in my view, be using the housing portfolio as a method of returning monies back to the Treasury, in particular profits. In that way I think it is fundamentally wrong but the suggestion within the plan at the moment to up rentals to as high market values or close to as possible in order or put more monies back to the Treasury is fundamentally wrong.

The Deputy of St. Peter:

Okay, but if this was the case and we followed your plan, would we not therefore need to raise the revenue from some other means, say taxes, higher G.S.T. (Goods and Services Tax) or whatever it may be in order to supply income support?

The Minister for Planning and Environment:

But at the end of the day that is a cost any Government must be prepared to pay on the basis that we are spreading the goodwill and the monies across to people who cannot support themselves. But I do not think it should be to the detriment of those who are at the top end of the rental scale who for reasons that are outside of their control because the building industry are building houses that are too expensive for them to switch, should bear the brunt of paying for those monies. It is fundamentally inequitable.

[12:00]

The Deputy of St. Peter:

Thank you.

The Deputy of St. Ouen:

Just sticking to the rental market for the moment, we know that we have 3 different groups that provide social rental housing, you have the States, you have a trust, and the private sector. How do you see that relationship developing and what indications do you have with regard to movements and requirements for a particular sector to either increase the supply or alternatively decrease it? Let us focus on the private sector for a minute. What is the impression that you are getting currently about the demand or requirement from the private sector to provide more accommodation for rental purposes?

The Minister for Planning and Environment:

Rental? I do not think the demand is as much there as it was previously.

The Deputy of St. Ouen:

That is due to?

The Minister for Planning and Environment:

I think that is due to people having a preference as far as possible that if they have a piece of land to be developed a lot of persons would prefer to take one-off windfall contribution by selling the properties rather than treating it as a long-term investment.

The Deputy of St. Ouen:

So if you look at the current applications that have been either already agreed or considered, as a percentage, what amount of that would be linked to rental accommodation as an overall amount?

Chief Executive Officer:

I have a handy chart with me, Deputy. We estimate that there are around 1,600 homes that have been permitted, that have got planning permission and are ready to be built. The vast majority of those are category B, private dwellings. I could give the panel a copy of this in terms of the ... that is a split by parish but also whether they are under construction or completed or permitted. The vast majority ... we have got nearly 1,400 dwellings with detailed permission, that is in the private sector category B, we have got nearly 400 with outline planning permission which will soon become detailed permission in the private sector. If we compare it to category A permissions we have 133 currently category A permissions and 43 with outline. So the vast majority of applications we have seen have been for category B buildings. That is stuff that has been permitted that is outside of the planning system, that has gone through planning and is ready to be built.

The Deputy of St. Ouen:

Has that increased over the last ... if you look back over 5 or 10 years, has there been a significant change in that amount?

Chief Executive Officer:

If you look at dwellings, I am not sure if I have that one with me, I am doing this from memory, but last year's completion levels in total were at the highest level of housing

completions we had in the Island since about 2005 so there is quite a marked increase in housing completions last year but certainly in the last 2 years the majority of those completions have been category B dwellings. So I think it comes back to the point about where did we previously get supply of category A homes from, previously from category A rezone sites. That is the way the States has in the previous Island Plan and previous planning strategies delivered affordable homes. It has been through rezoning land for that purpose, i.e. green fields. That is where the majority of those homes have come from. This new Island Plan is a shift in planning strategy. It is about protecting our green fields and it is 98 per cent brown field planning strategy, that is what that Island Plan is. Hence policy H3 is designed to deliver more affordable housing through private developments.

The Deputy of St. Ouen:

So is that information telling us that if we want more social housing it has to come from either the trust or government because the private sector are not really interested in that particular area?

Chief Executive Officer:

If it is social housing for rental purposes, if it will social housing in that term, we clearly get a lot of kickback from private developers. No private developer really wants social housing, rented housing on their housing sites, they feel it affects their private values. They are more willing to see a mixed tenure or a shared equity type of product. We do not have shared equity in law but a deferred payment type model whereby it is purchase product like Home Buy was, where people physically owned the asset. They would prefer that sort of ownership on site. I think where we are with planning strategy and with policy H3. H3 is really designed to deliver those sort of Home Buy type properties. It would put greater onus on the States to deliver their own social rented units and that is what I think the planning strategy in the Island Plan in effect does. It may not do that in bright lights but I think the inherent issue that the Island Plan delivers is 150 homes from H1, of which obviously those can be social rented but the H3 policy is really designed to deliver purchased products, affordable purchased products and the rezoned sites that have been carried over are a mixture of some rented and some purchased products. So if we are to deliver more social rented I think the onus would be on States assets to deliver that because we do not currently have sites zoned for that purpose.

The Deputy of St. Ouen:

Just picking up on that, much has been spoken and is spoken about the ageing population and the needs of that group of people. Where do you see the demand, the potential accommodation demand being met and who is likely to be providing it for that age group?

Chief Executive Officer:

The supply at the moment, if we look at Island Plan supply, it is focused on the built up area and that is higher density schemes ... the planning strategy we currently have is around protection of our countryside. In fact the rural hinterland, at the moment we get outside our built up area the plan protects. I would pretty much summarise the Island Plan strategy as a green belt policy. It is a protection of our built up area, and everything else outside the built up area. The result of that is the supply has to be delivered within that built up area and at high density. That, I think, is the necessary

outcome of that planning strategy. So the supply will come forward on private sites at high density, I think the key issue then is the standard that those dwellings are built at to enable people to live in them for longer. So some of that comes from our building bylaws in terms of making sure that these are, if you like, homes for life type standards. They have the necessary spaces within them and our building bylaws now do cover that in terms of lift accessibility or stair access ability or downstairs space for wheelchairs et cetera. So some of that you can get covered out in building standards but the reality is if we build more in town or built up areas then they will be higher density developments, so it will be more duplex or apartment type living.

The Deputy of St. Ouen:

Does that category of accommodation fit in the general category of affordable homes or does it sit outside of that?

Chief Executive Officer:

It currently fits ... the category A definition is fairly wide. The standards, however, that get applied, they get applied to all new dwellings. So whether it be a private dwelling or a category A dwelling there need to be building bylaws. A home for life arguably is what the lifelong home standard is meant to be achieving, although that is quite a specific type of designed home. Whereas every category B home has to meet the building bylaw standards.

The Minister for Planning and Environment:

The key to it really is in how much space can be provided for the amount of money that going to be spent. So at the moment there has been the squeeze as prices have gone up. What has happened is that there has been a downsizing to smaller units. The difficulties with doing that is that it makes the individual units less capable of accommodating future family needs, should those needs arise. It also means that you are encouraging greater mobility in the market because the moment you find yourself as an unmarried couple with one child coming along living in a one-bedroom flat which is no longer big enough you will move to another unit somewhere else. Part of the long-term planning policy is to try and offset that by creating communities and neighbours where people can be afforded the opportunities of having larger units that can be flexibly adapted over a lifetime of different living conditions in order to discourage them from moving. So it is a different concept. If you apply that style of thinking I think that you can, within the affordability envelope, provide lifelong homes to cover all range of eventual opportunities for living in at sensible prices quite adequately.

The Deputy of St. Ouen:

Thank you.

The Minister for Planning and Environment:

It is not what we do at the moment, and the name of the game is to move onwards and upwards and pay higher and higher amounts for the privilege.

The Deputy of St. Peter:

This has been a very interesting discussion and I am grateful for your descriptions. I am just interested to know what level of consensus you have within the Council of Ministers regarding your views and do they share your vision?

The Minister for Planning and Environment:

I am working on it at the moment. I think it is probably fair to say that the ideas are not as much supported by the Minister for Treasury and Resources, he has got a different way of thinking of things and is more inclined to be selling properties in order to put money back into the Treasury coffers. But as far as I am concerned Planning in relation to housing should pay due attention to the long-term issues and fundamentally those issues are not always about the financial bottom line.

The Deputy of St. Peter:

Let us move on and discuss the strategic housing unit now. Where do you feel that unit should sit within government?

The Minister for Planning and Environment:

A leading question. I think pretty much it should be with the Planning Department. This is for several reasons. As you know over the years Planning have played the lion share in terms of the policy setting that the Housing Department had not really done. I think that is probably a fair comment and assessment. So in my way of thinking if it is going to be removed from planning and given to another body, ostensibly the Chief Minister I think is suggesting it should go to him, then I think the reasons for doing that should be properly put forward. If you read the housing paper there is no analysis as to why it is felt that the Chief Minister's Department represents the best place for this strategic analysis to be undertaken in an office that is not set up to do it and would require huge changes to the planning rules in order to fulfil some of the things that the strategic thinking might come about. The Minister for Planning, as indeed all the Ministers are individual corporations and in that respect no one Minister can dictate to another Minister as to how that Minister should perform his functions unless there is a change in the States of Jersey Law. I do not think any consideration has been given at the Council of Ministers at the moment of the consequential needs to change not only the States of Jersey Law but indeed maybe chunks of the Planning Law in order to allow whoever is making the strategy at the top to have the wherewithal to carry out those policies. I think it is probably a bit of a diversion at this stage but when we set up ministerial government we did not really think it through from start to finish, particularly in the context of who does the strategic thinking, who brings it forward to the States, indeed if it still the States who decide. I think a lot of that has probably gone by the board and the individual capacity of the States Assembly acting as a whole to be a decision maker on behalf of the Ministers and to bind the House has probably disappeared. Now, if it has that is a bit of a separate question, but if it has disappeared then proper thought is going to have to be given as to how you relocate these strategic policies. Because if the Chief Minister does not have the law through his office on his side he cannot deliver what it is he would like to deliver and indeed nobody else can. That is why I would argue quite strongly that it should start as far as it rests with the Planning Department in that we do have our finger on the taps, if you like, for release of building land. We do do work in terms of building regulations to determine our standards for interiors and lifelong homes, and we do a whole chunk of the work. I would not like to have the job load for establishing the gateway and who gets the homes and all the rest of it.

[12:15]

I think that should be in a different body and I am supportive of that. But the long-term very high level strategic issues which are bound up with population, environment, economics and everything else, if indeed as part of my remit is to propose sustainable development across the board and not just any development per se, then I think a large chunk of the job should remain with the Minister for Planning and Environment.

The Deputy of St. Peter:

You mention there lifelong homes. If I could just test you on your strategising. I am aware that lifelong homes, one of the policy standards is that there is a 1.5 or 2-bedroom property for each tenant so there is room for a carer or whatever, but at the moment this is not reconciled with the Social Security Department who are only prepared to make allocations on the basis of a one-bedroom unit. So if you have such a good grip on the policy and strategy, with the greatest of respect, how come this issue, and I am sure there must be others similar to it, have not been reconciled yet?

The Minister for Planning and Environment:

I think it is down to the occupancy. If you have units that have one and a half bedrooms then you cannot have a carer on board full time. In the old days if you had enough accommodation within your house you could take in a lodger and the monies from that lodger would go to offset the cost for the carer who would not necessarily have to be a live in. But at the moment, because we have allowed many of our houses to be built with one bedroom or 2 bedrooms or whatever, and we have been encouraging over a period of time people to downsize and to move into smaller and smaller units, then inevitably I think we have moved in the wrong direction, which is why I am proposing that we return to a space standard that is more generous by existing standards and is able to be flexibly changed in order to accommodate any number of bedrooms. What I was proposing is 1,200 square foot units which is measurably larger than the existing units in order to provide that.

The Deputy of St. Peter:

What I am trying to discover here is whether you may be discussed this issue with Social Security, because it is widely held and understood policy decision, is it not? The Rowntree Foundation proposed that. But Social Security do not yet have a facility to bridge the gap, as it were, so what discussions have you held and do you think you are able to work with them to develop a policy?

The Minister for Planning and Environment:

I think you are but I am looking at it a slightly different way. What I am saying is that if you have a large enough floor space area which can contribute to one, 2 or 3 bedrooms according to your will, then in actual fact the designation of units as being a single bedroom or one and a half or 2 or whatever, does not make as much sense. It is the flexibility of the floor space and the ability of that floor space to be used in a non-conventional manner and gives you the flexibility of not having to rely on States subsidies and handouts as we do now.

The Deputy of St. Peter:

But for those who do rely on income support, why is it that the Social Security Department are not able to deal with lifelong homes as they are ...

The Minister for Planning and Environment:

They probably are capable of dealing with it. They just choose to deal with it in a different fashion. I think in all these things the Strategic Housing Unit work should work with other departments. That goes without saying.

Chief Executive Officer:

I think it is an example where we have clearly introduced a planning standard and I think in all honesty we did not have those discussions with Social Security as to whether there should be further ripples affecting other policies and eligibility and those mechanism that Social Security like. I do not feel at the time that a lifelong home standard was being developed. In Planning those discussions were taking place. As a result we have seen some unintended consequences of that product now being offered and the other financial mechanisms in other departments have not caught up or been involved accordingly. It should not prevent us doing that in future and saying: "Okay, this is an issue, what do we need to do about it?" I think it clearly flags up now that we have got some of these properties on the ground and we have got some of these issues being raised. I think now it is flagged up we need to sit down and discuss what we do about it.

The Deputy of St. Ouen:

I do not think anyone is arguing that a further co-ordinated approach to the development of the housing strategy is a good idea. What I would like to explore a little bit further is who is presently involved in developing the Island-wide housing strategy at present, and in particular what part or role does your department undertake in that process, especially bearing in mind the significant consultation and debate and contents of the Island Plan?

Chief Executive Officer:

Shall I have a go at that one? I think the honest answer is that there is no one in overall control of the Island's housing policy in all of its facets. I think the planning system and the Island Plan especially has tried to fill a void in some areas so, for instance, you know, we are going to the definition of what category A housing is and we get involved in commissioning needs studies with housing so there is a bit of joint work there. The whole idea of social policy and how that affects social security, that was not part of the Island Plan. The Island Plan does not do that. Ultimately under the law the Island Plan is a land use planning document. It expresses needs in a land use form. Because we have not had a housing strategy document for the Island it is also trying to do a bit of housing strategy as well. It does not go into all of the areas of what a strategic housing unit will do so I think invariably who does housing strategy currently, probably a bit of planning, it is a bit of housing, it is a bit of social security, it is a bit of Chief Minister, it is a bit of Treasury, it does sit all around, hence I think why we are having a debate about you do not need to create a strategic unit to pull all those strands together.

The Minister for Planning and Environment:

This is the difficulty now, we are straying into government reorganisation. If you look at individual strategies that are brought predominantly by those major departments, would you expect the Health strategy to be brought by the Chief Minister? You would not necessarily. Would you expect the Sports strategy to be brought by any other department other than the Education, Sport and Culture, you

would not. So at the moment I think it is a little bit inconsequential that we have got a plea by the Housing Department and by the Chief Minister's Department that we start to push extra strategic responsibilities into a department that is not really set up to do it. So I think, as Andy said, the more savvy way of dealing with these things is to have a lead Minister who is backed up by a lot of the law and I think in that respect Planning sits in kind of a fairly strong position. The way to do it is to organise groups of Ministers working together to ensure that the crossovers that are required to bring forward a comprehensive kind of ministerial strategy is undertaken properly.

The Deputy of St. Peter:

Minister, so you are suggesting that you would take on that aspect but it is mainly just the development strategy of the Strategic Housing Unit that interests you. Could you elaborate why you do not feel that if, as you say, a lead Minister was in charge of this strategy you would not want to take on the gateway, eligibility and social rent policy?

The Minister for Planning and Environment:

I think we could but it would have to be housed in a different part of the department.

Chief Executive Officer:

I think one of the jobs the Strategic Housing Unit will undertake is championing the supply of homes. That may be homes of all tenures, so there may well be a voice for private dwellings as well as affordable dwellings within that. Also in terms of housing standards, that sort of thing so there is an element of could that sit within a planning service. I would probably argue it should not sit with the planning service because it would be advocating to the planning service what should happen, otherwise we have a bit of poacher/gamekeeper going on, I think, in that area. Any of these areas that do a bit of housing policy are not currently resourced or structured to do all of the jobs of an S.H.U. (Strategic Housing Unit) hence the debate about what the S.H.U. should be and how big it should be and we should be resourcing it properly to do many jobs. It will be asked to do many jobs as currently listed. It will be looking at the gateway, it will be looking at standards, it will be looking longer term housing strategy needs, commissioning and all of that. So that is quite a big job. Also it will then strain to possibly looking at the longer term strategy across all 10 years as well. The simple answer is no one is currently resourced to do any of that. We all do a little bit of it.

The Minister for Planning and Environment:

The other thing is that broadly speaking what is happening is so many discussions behind the scenes regarding the organisation is an agreement that is pretty well across the board that ostensibly there are 3 different functions for each particular job. There is a regulatory role, an operational role and a policy setting role. It is good government practice to try and keep those 3 separate.

The Deputy of St. Mary:

My question was going to be, could the Minister for Housing be incorporated within your department?

The Minister for Planning and Environment:

Certainly could be.

The Deputy of St. Mary:

So that you get a better co-ordination going between yourselves.

The Minister for Planning and Environment:

What I find interesting is that the transition project for housing are suggesting that housing offload to a strategic housing unit the wider themes for housing everybody and they are still going to be mainly concentrating on social rented units, which is the basis of their portfolio. So in some ways they are telling us that they have never really been set up to do the whole job and they are offloading the bits that they do not do to somebody who does not do it at moment either. If you look at what we do it is more closely associated with the longer term strategic elements in terms of where do the houses go, how many do you need, are they good enough for the purpose of new residents? So those are housing type planning issues and that is why I use them as a basis for the claim for leaving most of that job element with our department. Again, nobody has really said anything within any of these papers or from the Chief Minister's Department to say why they think their department is better and indeed why our department is not any good. I think that is a serious omission. If we do go in this direction I think the longer term knock on effect is what happens, as I mentioned earlier, for other strategies. I think it would be fundamentally wrong for any government to be thinking itself into a position where all strategies must come through the Chief Minister. If we do not have a party system we do not have a proper strategic plan debate and in a lot of cases it could well lead to a duplication in a whole host of services or indeed an unpicking of a lot of the legislation that we have within departments to do the jobs in the way that they have been done for a long while.

Chief Executive Officer:

In answering your question there, Deputy, I think it would depend on what the role of the Housing Minister would be expected to undertake and whether there would be any conflict of interest in that role being part of planning or not. Again, it would depend on the role of what the job is meant to be. There are examples at U.K. Government level and local authority level where you have housing and planning together. Some local authorities are structured that way, you can see a number of ways of cutting the cake. It does not depend on what the roles of those functions are and whether you are separating regulator, operator, policy maker and trying to keep 3 legs to the stool sort of thing. So as always, it always comes down to where the synergies really should be, what synergies should be with what and where you really do need to keep a separation because of regulatory roles and those sorts of things. So the E.C.L.G. (European Consumer Law Group) I think in its structure has certainly got housing policy within the same sort of Director General, but they are separate units sort of thing. So, again, it comes down to the governance issues as well that you can apply. Yes, it is a hard one to answer. Under our current system, I think with the role of Minister for Housing currently, with all of the functions that role currently has, it would be quite hard to merge that into the Planning and Environment role because I think there would be some conflicts, but it would depend on what you put with what.

The Deputy of St. Mary:

It seems the current Minister for Housing has probably got some things which he undertakes that he would not need to undertake. So if he was to release those roles, he could fit in with you.

Chief Executive Officer:

Yes, I think it is a fundamental piece of good government, where you have got operations, policy and regulation in different areas or in separate units at least. So you certainly do need the operations separate from your policy and regulation side of things.

[12:30]

You can put policy and regulation together to a certain extent, but certainly you do need to keep a separation between poacher and gamekeeper. So I think if we look at some of the other functions we cover in the department, we are environment regulators across land use and our water environment, our waste environment and we regulate in other Government departments who are the operators in those areas. I think it is fundamentally right that they are separate so that you can police the sort of roles. So, again, it depends on how that is structured, but you do need that. You certainly need a separation between operations, policy and regulation.

The Deputy of St. Mary:

We are talking about making efficiencies throughout the whole of the workforce at the moment, so do we set an example and try to make those efficiencies within the department?

Chief Executive Officer:

I think Government reorganisation offers us a real opportunity to look at again not just what we do, because I think what we do is pretty set. I think our population expects Government services to deliver. There are not many Government services that we deliver arguably which we should not deliver any more - I do not think there will be very many on the list from residents' perspective - but how we deliver those services I think is the debate. It arguably should be simpler, it should be more consistent and it should be of better quality in some areas. It is not saying that that will result in cost savings or whatever, but as a consumer, I think you want simplicity and consistency in your service delivery. Does that give us the opportunity to put some of the policy functions together? I think yes, it does. Does it give us the opportunity to give regulators a wider remit to regulate certain areas? I think it potentially does. I think it would potentially open up a debate about what the Island Plan is. The Island Plan at the moment is a land use document. Many people see the Island Plan as a much grander document and it covers a lot of other things, but if you changed the law, it could well be a single document covering a number of policy areas. So to a certain extent the limit is our own imagination in these sort of areas, as long as you get some of the fundamental building blocks in place that you keep your operations separate from your regulations. I think that is a fundamental.

The Deputy of St. Peter:

Just to elaborate on one of the points drawn out there, so if Planning and Environment were to take on responsibility for the Strategic Housing Unit, would you also see yourselves being the regulator as well?

The Minister for Planning and Environment:

No, I think the regulatory controls will be put off into an independent body. I think that is only right that that be done that way.

The Deputy of St. Peter:

On-Island or off-Island independent body?

The Minister for Planning and Environment:

Whatever is best.

The Deputy of St. Peter:

You do not have a view on that?

The Minister for Planning and Environment:

No.

The Deputy of St. Peter:

Okay, thank you.

Chief Executive Officer:

At the moment, the only regulation we undertake in effect in the housing sense is building standards through the building bylaws, and that is on new builds, and where there are significant sort of refurbishments going on in terms of existing housing stock. So there is an element of knowledge there. Obviously there are also housing regulators who sit in the public health departments as well and so I think the bigger debate would be: "Well, is it good for Government to set up a regulator that covers many facets?" It would need to be certainly structured and resourced differently to what it currently is, but we currently undertake all of the environmental regulations, so with the Environment Agency, with the Planning Authority, with the Building Bylaws Authority, those sort of things. So I guess the answer could be: "Well, it could" but it would need to look a lot different to what it currently is. So I think the debate for Government reorganisation is: "Are there some economies of scale to be had to put your regulators together?" That would probably need a law change; it would need structural change; it would need resourcing change, but you can potentially have a single enforcement agency that covers a lot of laws. We could do that. I do not know. Again, it is the limit of the imagination to a certain extent.

The Deputy of St. Ouen:

Just moving on a little bit around the same subject, obviously if you are going to have a regulator, he needs laws to regulate, as you quite rightly said. I would like to ask the Minister, are there any specific regulations, new regulations, that you would like to see introduced around sort of the housing area?

The Minister for Planning and Environment:

That I want to divulge at a Scrutiny Panel? Yes, okay, so this is policies in formation. Yes, I am happy. Broadly, those concerned with renewables and energy provision. I think, again going back to what we said earlier about using modern technologies, I think it is not just in the building areas that they can provide dividends but certainly for decreasing the over-reliance that our society has on centralised provision of services would be a good new set of directives. Indeed, we are working on that with our building regs at the moment to encourage persons who do have a really good south-facing kind of set of roofs to be encouraged by methods, foul or fair or whatever, to use those surfaces to generate a proportion of their own electrical needs.

The Deputy of St. Ouen:

What about size of accommodation?

The Minister for Planning and Environment:

Size, yes, is another one and I have thought for a long time that the minimum space standards at Parker Morris, base plus 10 per cent, have been generally deficient for a long while, but it is tied into the style of living and how you split up your buildings on the inside. Building technologies have changed over the years so that you do not need to have the Victorian kind of compartmentalised kind of box type arrangements that you have, most of which was to ensure that you had a proper stiffness of structure to kind of bear the weight for the roof. Building techniques these days allow you to have all of that weight carried by an outer structure which means that you can open up your rooms and have them more flexible, and I think that is something we should really be pushing.

Chief Executive Officer:

I think there would be a lot to be said to create, whatever you call it, a “liveability standard” I would term the phrase as. I think you need to be creating dwellings which are liveable for a number of reasons, whether that be internal amenity space, outdoor amenities ...

The Minister for Planning and Environment:

The Jersey version of a Japanese tatami mat.

Chief Executive Officer:

The other big issue there is lifetime costs of the home. It is all very well and good producing a home, but can you afford to heat it and light it and to continue running it? So I think a liveability standard can potentially incorporate many issues. Obviously we cover a lot of that upfront in the building bylaws, so a new build is covered through energy delivered to the property. We have got measures on that and the standards as of last year require 20 per cent less delivered energy to the door as they did previously, so the trend is good in that area, but many things, what makes a home liveable, it is having somewhere to store your ironing board and your Hoover and things like this; it is about having enough storage space; it is where can you put your bike if you want to cycle work?

The Minister for Planning and Environment:

Having wide enough doors to push the pram through.

Chief Executive Officer:

Where can you sit down as a family if you want to eat together, that sort of stuff. You may well want a bit of outdoor amenity space, but a lot of people want a lot more indoor sort of communal space as well. So I think a liveability standard would be a very useful thing to try and combine a number of bits of work we are currently doing, whether it be our building bylaw standards. We are also looking at sort of where our work on the energy policies are going for the Island, and one of the big debates we need to have as an Island is around efficiency of energy use and what we are using our energy for.

The Minister for Planning and Environment:

There is water and waste on top.

The Deputy of St. Ouen:

Who would you see as the department or the authority to champion and develop the regulations that would identify or deal with the liveability standards that you speak about, because I think that we all aspire to ...

The Minister for Planning and Environment:

I think it is down to Planning or down to Environment, because that is our name at the moment.

Chief Executive Officer:

I think again, building on what we have currently got, we are currently looking at energy use and we have an energy efficiency service that sits within the department that advises households on their energy use and how they can reduce that. They also couple that with interventions in homes for those who are eligible, so income support houses predominantly. So we do energy and we are also developing within planning standards sustainable building standards, if you like, so the use of different resources, water, waste, recycling, passive solar heating, those sort of things. That is very much a traditional thing that Planning does, based on a lot of architectural input, if you like. Space standards: we give standards out currently on space in terms of physical size and we give standards out in terms of outdoor amenity space as well, so we do a bit of these. What we do not do is put them all into one place and say: "This is a liveability standard and all new homes should be delivered into that area." So it would be, I think, a worthy project.

The Deputy of St. Ouen:

Key to that, just finally, is that it is all sectors, is it not? It would not be specific to a sector, private sector ...?

The Minister for Planning and Environment:

No, and that is one of the reasons why it is best placed with Planning, because we do not just look at the rental sector, we look at all sectors.

Chief Executive Officer:

Yes, the tenure of the dwelling should not affect the standards of people living in the dwelling.

The Deputy of St. Peter:

One of the other key factors of the Housing Transformation Programme is the new Housing Association. Now, Minister, with your views about reducing the social housing stock or definitely not increasing it, what do you think about that structure, because it is essentially been created so that you borrow money in order to build more social housing, and so do you see that as an necessary or unnecessary function?

The Minister for Planning and Environment:

I have got no problems with the structure, providing there is an element of control expressed through the organisation that is controlling it. So at the moment, we do not have very strong kind of abilities by residents who are living in controlled blocks to

express any of their desires and to assist in how the place is organised, and I think that is an omission. So providing, I think, the setting up of a housing trust is principally to enable outside borrowing - and I think it goes without saying that it is a sensible idea to organise on that basis - the only query that I would raise at the moment is whether or not it has to be one body or whether or not you could not set up housing trust bodies for every big enough collection of buildings, so you might have an estate housing trust in such and such, an estate housing trust, and I think if you did it that way, that would begin to put the emphasis more in the direction of the people who are living there, which is how I think housing trusts should be set up, principally to look after the needs of the people living there rather than on a government body that is doing things for whatever reasons across the board.

The Deputy of St. Peter:

What criteria would you expect them to employ regarding allocation of that housing?

The Minister for Planning and Environment:

That is always a difficult one. I think it really depends on how well the idea takes off. If indeed you did convert all of the existing States own stock into independent separate housing trusts, in effect they could all operate under a big umbrella and kind of do their own thing, and I think there is an element of that argument that is more supportable than saying: "Right, you have to set up a government body to do everything for everybody else" and leave a whole chunk of people out of the equation if it is too difficult to do. Certainly in the U.K. (United Kingdom) this is the way people have been going. Individual housing trusts are keener, they are more fleet of foot, being able to represent the needs of the people who are living in those buildings, and that I think is a better way of looking at it. Sorry.

Senator A. Breckon:

No, just a simple question, really. The Census and the demographics, how much are they built into the existing plan and how much were they indeed a surprise?

Chief Executive Officer:

Certainly the Island Plan as approved on the back of last year did not include the most recent Census figures, so one of the jobs we have got working with the Stats Unit is to revisit some of the Island Plan assumptions, and so we are expecting some of that work to be with us later this year. We are expecting that sort of around October/November time. That will then tell us how much of a surprise I think ...

Senator A. Breckon:

How does that affect the demographics and the ageing population? You are talking about lifetime homes but, I mean, are you insisting things like places have wet rooms and no steps?

Chief Executive Officer:

Well, I think they are instructive in terms of what the land use plan should be. I think the plan at the moment is built on delivering 4,000 homes over the next 10 years based on the demographic expectations from when we started that work. You know, if those assumptions radically change and then suddenly we may well be faced with: "Right, we need to provide more or less" I think the Island Plan has then got to reflect that. So we may still have an input into that.

[12:45]

The Minister for Planning and Environment:

I think it is not just a quantitative issue, it is a qualitative issue for me, and certainly when I was on Housing a number of years ago, I was pretty upset to see the standards that we give over to our key workers. I mean, we are expecting people to come to the Island and to bust their gut to kind of put us on the map economically while at the same time not doing too much to look after their home needs. So fundamentally, I think that there is a radical piece of work that is crying out to be done in order to increase the qualitative standards of key worker accommodation across the board.

Senator A. Breckon:

Where is the tension between a developer trying to maximise you with spend and so on? Where does that sit?

The Minister for Planning and Environment:

I think it comes down to the Minister for Planning in terms of how much potential there is to do more on his site, all right, so at the end of the day, I mean, you do not get to do more without doing things for it.

Chief Executive Officer:

There is invariably a tension between short-term developer pressure, and developers work on windows of 2 to 3 years, get a site, build it out, develop it, sell it, move on to the next one, working within a system which is really designed at 10 years plus, and some of the tensions we always get are what are the longer-term development needs of the Island and what that housing mixture should be in the longer 10-year period versus short-term developer needs: “That is what I can sell today, therefore that is what I am going to build today.”

The Minister for Planning and Environment:

We have already put planning obligations in some applications to that effect, to say that the mix of accommodation that is being requested is not paying due regard to what is required by the Island for now and the future period, and has to be changed into a form that is compliant.

Senator A. Breckon:

Would you get guidance on something like that from somebody like Rowntree or would you look at something like that?

Chief Executive Officer:

Certainly we get guidance from the Statistics Unit in terms of around all issues of affordability, demographic make-up, what sort of type of dwelling. The Housing Needs Survey of 2007 is in desperate need now of updating, and that is one of our key information sources and in terms of what we are asking the planning system to deliver. So yes, there does need to be a joining-up of all the data so that when we do ask and put pressure on developers to change mix for 10 years, whatever it may be, we can do that with a robust set of data that we can defend and then appeal it if required.

Senator A. Breckon:

I am trying to link that into a strategic housing unit, you know, is there some tension between, say, the Minister for Planning being the promoter and also, how would you link, for example, with the States of Jersey Development Company if you wanted them to do something in terms of housing need? How could you do that? Is there a conflict there?

The Minister for Planning and Environment:

I do not think there is particularly at the moment. They have been set up and been given the go-ahead to do pretty much what they want to do. I do not think they have delivered perhaps what was intended of them, which was to have a general reinvest of the monies that begin to accrue once they have paid off the properties, and they managed to do that on a number of properties so far, and we have not seen much kind of new building. So I think there is a long-term kind of legal problem which I do not think has been solved as yet as to whether or not the States, having passed over the freehold of properties to these bodies to take on board the delivery of a number of housing units, the extent to which the States can force their hand to build things that we would like to be built. So I think if the States cannot do it and the Minister for Planning is part of the States, that is probably the answer to the question, really.

The Deputy of St. Peter:

Briefly we touched upon rent policy, but perhaps we could go into a little detail about that. What is your view, Minister, about the policy of setting 90 per cent of the market rate?

The Minister for Planning and Environment:

I think it is the wrong policy and I have got this notion in my mind of an economic rent, and it probably needs to be explained. I think that with many U.K. and European housing authorities, once you have paid for your asset over and above the requirement to maintain it and to expend a small amount, a sum of monies in administration of costs and things, you do not really need to set your rental charges at the same levels. So consequently if you adopt that as a way of working, that means that you can build an asset, run it at maybe market rentals until it is paid and then you are in the fortunate position of being able to reduce your rents to help even less fortunate people who would otherwise not be in a position to pay anything like those affordable rents, or indeed could only begin to live in those units if their rents were offset by a States subsidy. I will give you an example. I mean, in Sweden, the bridge link between Copenhagen and Malmö, it was built with European monies and having paid it off, they started off with a bridge toll of a particularly high amount in order to pay off the monies inside a sensible period, but having paid that back, the toll has now come down to a low-maintenance proportion which is exactly right. I think you can apply exactly the same principle to housing rents. We do not do it at the moment. In fact, the Minister for Treasury is wanting, with the Minister for Housing, to go in a different direction and to try and maximise rents, albeit knowing that there is still a chunk of people who cannot afford to pay and then we chase the monies around the Social Security system and through the Treasury system. So it comes back to my comment previously: I do not think it is right to be using the portfolio of housing property in order to make money for the Treasury. That is not the reason that the States, in my view, are in the provision of social rented accommodation.

The Deputy of St. Peter:

So you would set the rent levels at an economic rent, as you say. Therefore, the tenant would not need to be supported by income support ...

The Minister for Planning and Environment:

That is right, yes.

The Deputy of St. Peter:

... because they would find their rent level affordable for their personal situation.

The Minister for Planning and Environment:

Yes. Additionally, as I said earlier, if there were an opportunity to use the mechanism that I had outlined of having the proportion of the property, maybe just the ground floor - it does not have to be the ground floor - put into a revenue-generating kind of mechanism, then again that would provide other opportunities for putting money into the system and would not need to be put in by the taxpayer. That is half and half.

The Deputy of St. Mary:

Should Planning not be taking more advantage to acquire sites as and when they become available specifically for affordable homes, rather than get snapped up by property developers?

The Minister for Planning and Environment:

Yes, I think we should, and as one of the things for the H3 consultation that is just going out is the suggestion that perhaps the cleanest and easiest way of dealing with the raising of monies or opportunities to provide affordable housing might be to go and ask for a commuted sum to be levied on every unit, and those monies to be ring-fenced through planning obligations into a fund to be used for use on providing further sites to be owned by the public on which we could build affordable housing. So I think, yes, that would be the better way to be dealing with it.

Chief Executive Officer:

I think we would need to have a proper again Government mechanism in there to make sure that we are not poacher and gamekeeper, that the States could well be acquiring land, but they would not expect the Planning Authority to acquire land then give itself permission on land that it has just bought. So I do not think we could have that working, although it might be nice.

The Deputy of St. Mary:

The only thing is it comes to Planning's attention first, does it not? I mean, this is the first step.

The Minister for Planning and Environment:

Yes. I mean, the Minister for Planning, as you know, does have in his tool bag of tools and powers the ability to come forward with compulsory purchase orders, but that is not popular, I gather. That is the other alternative.

The Deputy of St. Mary:

Well, it would be nice to see that the landowner would have an incentive to sell it.

The Deputy of St. Peter:

Just going back to social rents, what I did not ask you was what you fear are the consequences of the 90 per cent rent, other than the circulation of money to the Treasury. Do you think, for example, it would have the potential to distort the housing market?

The Minister for Planning and Environment:

Well, I think it will in a certain way, because basically what we are doing is we are saying we are trying to keep an over-reliance on those who can afford to pay the top rents from remaining as renters, and I think that is fundamentally at odds with how I would like to see things, which is if you can afford the top rent, you should be able to afford a mortgage. So it is an artificial rigging of the market to over-rely on those who can afford the top rent, and from the things you said earlier about it is maybe more elderly people or whatever, I think it is not particularly right for them either.

The Deputy of St. Peter:

Do you think this policy would impact on planning issues and, for example, the impact on the amount of new social housing that is required?

The Minister for Planning and Environment:

If we get to that level. I mean, I am not convinced that Housing has made a proper request, a properly analysed request, for extra social rented housing. I do not think they have done their homework properly.

The Deputy of St. Ouen:

Because the commercial individual property investor, do you think that by increasing... well, if one applies a proposal by increasing fair rental value from a 70 per cent level up to 90 per cent, do you think that that will become attractive for the private individual seeking to invest certain accommodation, and as a result, do you think that might affect the type of developments proposed or being brought forward?

The Minister for Planning and Environment:

I do not really, because what we are saying is that the rentals in the state sector are lower than the open market. Now, if there is a market in the open market area for building rental accommodation at those prices, then people will be doing it, so by having the States raise the rentals to higher levels, I mean, if people cannot afford to pay, they cannot afford to pay. They are not going to go into the private sector to have lower or as low rentals. That is not going to work in that direction, so ...

The Deputy of St. Ouen:

But is it not the case that the benefit to the investor is that Government is underwriting the rent and so, if you like, there is no risk involved?

Chief Executive Officer:

I think what we have seen, certainly looking at some of the U.K. developments over the last couple of years, where you have seen affordable housing delivery bolstering commercial housing developers, because they do see that as their guaranteed market for the sale of their homes, and so it does come down to development economics and I guess the question is if the affordable home is of sufficient value to the commercial developer and they can get rewarded as such, they can still make a profit, pay for their

costs, then clearly that is a potential sort of grade A market for them, because they can guarantee an onwards sale. It would depend on the scheme and what other mix of units they have got in the scheme, I think, but we have seen some housing developers who are, if you like, traditional private housing developers moving into more delivery of social housing because they have got a guaranteed end sale point, whereas at the moment in the private development, they may not have a guaranteed end point and therefore there is more risk for them in that area. So it comes down to the economics and the balance of risk, really, and what I can see, when times are tight, and the risk, you know, some of these companies need to keep going so they will look at Government sales, if you like, to housing associations as a way of keeping their business running, as long as the economics work for the product. Most developers will build a home if there is profit in it for them. They do not really mind what tenure it is.

The Deputy of St. Ouen:

Thank you.

The Deputy of St. Peter:

Thank you very much. Thank you. That has been very interesting and we thank you very much for your time. Thank you. I will close the meeting.

[12:58]