



Environment, Housing and Technical Services

Scrutiny Panel

Supply of Housing Review

THURSDAY, 9th JULY 2015

Panel:

Deputy D. Johnson of St. Mary (Chairman)

Deputy J.A. Martin of St. Helier

Deputy M. Tadier of St. Brelade

Mr. P. Mooney (Adviser)

Witnesses:

Chairman, Andium Homes

Chief Executive, Andium Homes

Commercial Director, Andium Homes

[13:32]

Deputy D. Johnson of St. Mary (Chairman):

Good afternoon and welcome, gentlemen and members of the public. Simon Crowcroft, our Chairman, sends his apologies for not being able to attend today, so I am in the Chair as Vice Chairman. Just to go round the table by way of introduction, I am David Johnson, Deputy of St. Mary.

The Deputy of St. Mary:

Yes, if we may perhaps, Paddy can ask questions along with us if appropriate.

Chairman, Andium Homes:

Yes, sure.

The Deputy of St. Mary:

Thank you for coming along. I will kick off really. Would you like the option of providing new housing at market rents so you could compete with the private market sector?

Chairman, Andium Homes:

Our fundamental purpose in existing obviously is to provide social housing. I think we are conscious that often it is not necessarily desirable to have estates that consist entirely of social housing. I think we would be interested in moving towards a more mixed tenure approach where a proportion of properties under development might be let at market rents for those who can afford it, either as a market rent proposition or, of course, for market sale in some cases. This would obviously assist in being able to develop some of the sites that may become available commercially.

Deputy M. Tadier:

Is there a problem with getting the value of the market rental? I imagine for most properties it is fairly straightforward but, for example, in my constituency how do you value the market rent of a cottage next to a lighthouse? Do you compare it with other cottages next to lighthouses in Cornwall? Is it actually a true 90 per cent of market rate in those cases?

Chairman, Andium Homes:

Carl can answer on the detail of how we do it here. Clearly we are employing an external consultancy to do it for us who have got wider experience in the market than just on our own. But clearly all the property valuation is by comparables and, yes, if a property has very little comparable nearby it is tricky to set a market price. Carl, do you want to comment on that?

Commercial Director, Andium Homes:

I think what you say is absolutely right. We do employ experience on the market and ask for each property type that they look at and they consider what is comparable. Clearly size is one of the key determinants in terms of residential value and benchmarking across the stock. We have a reasonableness test in some respects that we do not end up with something which is so highly inflated in terms of the market that it is not just reasonable because it is so unique. I think fortunately within the portfolio those examples are pretty rare. Perhaps the ones at Corbière there are an example of something that is generally quite unique. The agent's instructions would have been to try and compare it to something else locally in Jersey.

Deputy M. Tadier:

I imagine it is useful to have those kind of properties in your portfolio for all sorts of reasons, if you need to house somebody for a particular reason with specific requirements, but is there also

perhaps an argument that those types of properties which could be rented out for a premium, those could be ones that you would like to rent out at market rate or even sell, although I am not suggesting that by any means?

Chairman, Andium Homes:

In practice when very high value properties have become vacant, we have had a number of those where we have sold them. Probably the extra value, if you like, of such uniqueness means that we would make a substantial gain on those and it is more sensible to reinvest that money in the stock.

Deputy J.A. Martin:

Can I ask a supplementary of your first opening statement? It is interesting that you were looking possibly or thinking of going to a market rent where you might not cover the people now, they probably may be single. They would not, I presume, come under your banner as is now.

Chairman, Andium Homes:

No, exactly.

Deputy J.A. Martin:

So it sort of goes on in the question, in the rules and the regulations of Andium as they are now, are you allowed to do that or would they need to change? I would rather the market value be going into ... the money going into something that will be definitely reinvested into housing where sometimes, not all, some private landlords might not be as reinvestment ... if you see what I mean.

Chairman, Andium Homes:

Aware, yes.

Deputy J.A. Martin:

Aware, that is the word.

Chairman, Andium Homes:

The mechanism would be we submit a strategic business plan each year to the Treasury and obviously they approve that as an investment plan on behalf of the States. I think that that would have to be the mechanism. If we wanted to extend into either market sale or market rent then we would use that as the mechanism for doing it. It would be an annual process of reviewing what we intend to do every year and then making sure the States are comfortable with that.

Chief Executive, Andium Homes:

I was just going to come back on your point about Corbière, I think was the area you were talking about. We have, as the Chair said, sold a number of high value properties but there are certain ones dotted around that we would wish to retain. They are tenanted at the moment and, in all honesty, we would not be looking to ask those people to leave to sell that property, and specially the Corbière ones. It is a unique location that, in all honesty, I think we would prefer to see within our portfolio and therefore belonging to the States of Jersey and the people of the Island.

Deputy M. Tadier:

Thanks for that clarification. It is very reassuring, I am sure. There is a question about again the market rents and the 90 per cent which currently is in your business plan, and you have reiterated at the beginning that your purpose is as a social housing provider, therefore presumably as an affordable provider as well. What mechanisms are there in place or safeguards if, for example, there is an extra hike in the market values which makes them disproportionately or even more unaffordable than they are at the moment? Are there any mechanisms that you have got to disentangle yourself from that 90 per cent rate?

Chairman, Andium Homes:

I think if we started to see the market becoming very distorted or, for instance, if rent inflation started to take off then I think we would be talking to the States and particularly to Social Security about the housing element of income support. It works that way round, I think, because it would not just be affecting us. Of course that sort of situation would be affecting not only the other housing trusts, it would be affecting 2,000 tenants in the private rented sector. So there would be a major issue for Social Security and income support, I think, rather than purely an Andium Homes issue.

Mr. P. Mooney:

Sorry, could I come in? Recognising that the 90 per cent of market rent is a policy that is a States policy and you have to implement it and therefore it is not your policy, but are you noticing yet a little bit, and it is early days, any odd implications or outcomes which perhaps were not thought through when the policy was implemented? For instance, you could have someone who is only just over the threshold for receiving income support and they will therefore be liable to the 90 per cent rent as a new tenant and they will have to pay it all. There is no tapering, that I understand. Once you are above the income support level, you pay the 90 per cent if you are a new tenant. So if you earn £1 more, you are paying the same rent as, say, a neighbour who might be earning £10,000 more. So it is a fairly brutal approach for implementation in that way. Equally, if someone was over-occupying the property and was considering downsizing, because they were moving they would get a new tenancy and the new rent might be higher or equal to the rent they are

currently on and that could act as a disincentive for them to move. Now, they might be slightly odd outcomes that were not envisaged at the outset and I was wondering are you seeing any examples of that type of odd outcome?

Chairman, Andium Homes:

Not in any significant way, no. Just on your first point, again it is not our implementation of the policy which produces the pound-for-pound reduction. That is the States income support policy. There is no taper on income support. It is a pound-for-pound direct reduction. So, yes, you are right, but as soon as you get out of income support then you lose it, that is it. There is no taper on it as there is in the U.K. (United Kingdom) and that is the difference. So, yes, you would in effect pay ... once you are out of income support you would pay the same rent as the other person. The same point applies in housing benefit in the U.K. Once you are out of that benefit then of course you are paying the same rent as someone next door who may earn several thousand pounds a year more. It is not different in that sense, but there is not the taper.

Mr. P. Mooney:

Except there is not a 90 per cent of market rent rule in the U.K.

Chairman, Andium Homes:

No, but there is an 80 per cent now for new construction by housing associations.

Mr. P. Mooney:

Lots of local authorities do not implement that because they disagree with it and a number of housing bodies like London and Quadrant are proposing to build without any grant so they can apply their own rent formula because they fear that the 80 per cent is too high. But they are doing that on the basis of their evidence and I was just trying to establish whether you are yet seeing any trends emerging.

Chairman, Andium Homes:

No, and again do not forget the rents in the old States housing sector here had over a number of years got rather chaotic, so you will get situations where people might have been paying only 50 per cent of the rent rather than the average two-thirds to 70 per cent, and of course they will experience a bigger differential. We have got some tenants who are paying more than 90 per cent at the moment and their rents are frozen until they catch up. So there is going to be an interim period when things are rationalised at around the 90 per cent point.

Deputy M. Tadier:

How long do you think it needs to run before we can start to analyse what the consequences are, good, bad, unintended, et cetera, not just for your entity but for Social Security, et cetera, and for any socioeconomic consequences that might arise?

Chairman, Andium Homes:

In a sense, each new letting would get the 90 per cent level and we are accumulating evidence all the time. I think it is fair to say that the evidence so far suggests that that is not causing a problem. There obviously will be individuals who will say that is a big increase and, yes, for some people it is a big increase because the rent patterns before were so chaotic.

Deputy M. Tadier:

How important is the notion that we were told, and I am not sure to what extent it was a driver, that certain people who are marginal, who do not necessarily receive income support, would find they are going to be pushed out into the private sector? Is that occurring yet? Are people leaving because they think: "For what I can get outside, I have got more choice" or whatever? Is that starting to happen or is it the case that you have found most tenants stay with you?

Chief Executive, Andium Homes:

The latter, most tenants stay with us. We have not seen any noticeable trend of people moving, leaving our stock. Of course, they will exercise that choice but, in all honesty, I think when you add up ... this is not a sales pitch but when you add up all the services we are providing, et cetera, and as the standard of the accommodation quite rightly is improving, et cetera, then to be honest people feel secure and safe with Andium Homes, and I think we are seeing that with them staying with us.

[13:45]

Chairman, Andium Homes:

It is obviously an area that we would keep an eye on. Clearly if they start to exit then it would suggest that the valuation of the rents has probably gone adrift from the market.

Deputy J.A. Martin:

I thought that was one of the key policies for doing it, so that people who could move out should move out. Why would you want to keep an eye on it? I mean, if it is achieving one of the policy aims to free up for more people who are on the lower ... because you do go in at a certain income, then you have your children, then you might go back to work and you are on a different level. It was put to me by the last Minister that that was one of the reasons why they were introduced so

there was not ... if there was a too high subsidy for the people who could afford more they are going to go and look around and get a better deal in the private.

Chairman, Andium Homes:

Yes. Clearly if people are sufficiently well off to be able exercise that choice, then that there is their choice. Two-thirds of tenants, of course, are on income support so it very much depends on the kind of security and service.

Deputy J.A. Martin:

Yes, it was aimed at those few that they thought possibly could go out there. Yes, okay.

The Deputy of St. Mary:

Moving on, in the context of your overall objectives, would you like to be building more homes for sale and would they be different to the current schemes you now operate?

Chairman, Andium Homes:

We would like to build more homes, full stop, I think is probably the first part of the answer. Yes, supporting home ownership is obviously one of the social objectives of the States generally and I do not think at the moment the States have set out a particular target or a proportion to be achieved. We have built into our business plan a level of sales over the next 10 to 15 years which is there for financing reasons and that is carrying on the purchase scheme that has been operating for a number of years. That seems to work very successfully and we would like to expand on that. It is a question for us of balancing sale and rent and making sure that we have got the right social balance and mix there.

Deputy J.A. Martin:

Have you looked at or would you consider varying it, because it is 75 per cent now? Would you go lower at 50 to start and then possibly even 25, depending on age and long tenancy, if they can get a mortgage? It is a thing that is done, you buy as part rent, part thing. Have you considered so that more people can get in on, say, an earlier age, that they can buy a smaller ...

Chairman, Andium Homes:

We have given it a certain amount of thought. Do not forget that we do not operate in a grant-aided regime unlike housing associations in the U.K., although grants are rapidly disappearing there. In that sense, any scheme we come up with more or less has to be self-funding and I think we would find it tricky to sell a property for less than it cost us to build. There is no rent coming in to pay the difference. If one were to do that then obviously the remaining tenants, those who are not on income support and pay from their own pockets, in effect their rents would be going to pay

the subsidy for someone to acquire a property below cost. So there are some limits to what we can sensibly do.

Deputy J.A. Martin:

From memory, many of your properties that you have earmarked for sale are not new builds. They are 3-bed houses that have probably seen their 25-year mortgage or more. So, I am struggling here, Paddy.

Chairman, Andium Homes:

Most of the States stock, of course, was built without debt. It was built from surpluses so it never had any debt attached to it. Nevertheless, it costs real money, taxpayers' money at the time to build it. I think people ought to be cautious about going down to less than half its value down to 25 per cent in the sort of first step on the ladder.

Deputy J.A. Martin:

Yes, but it would be part rent, part mortgage, so that it just gives an incentive for tenants to do the second job because they have got their foot on the ladder and it would be paying you ... well, all I really want to hear is you are considering it and you have given it proper consideration and if you are not, that is fair enough but I would like to know.

Chairman, Andium Homes:

We are debating exactly that point about how far down that proportion is it sensible to go.

Deputy M. Tadier:

Can I put a counter-argument, if you like? First of all, what is your current shortfall in terms of your housing stock and your waiting lists?

Chairman, Andium Homes:

It is not our waiting list any longer, of course. It is a central waiting list.

Deputy M. Tadier:

Yes, for the Gateway.

Chairman, Andium Homes:

The Gateway. We are short at least 150 a year, I believe.

Chief Executive, Andium Homes:

It is 150 effectively a year. If you look at what we intend to provide through the schemes we detailed in our strategic plan, in order to get the waiting list under a manageable level - because do not forget it is not the same people on that list; it is obviously people moving around - it is about 150 new homes a year. As we have highlighted in our report, that is where we have concerns about the stuff that is coming through the Island Plan and the rezoned sites because that simply will not meet that demand for the future. If I could just touch on the purchase side, we are talking and we would like to make opportunities available for people to purchase flats not just houses. In here we have detailed about the 25 per cent and we mention about offering a 10 per cent deposit situation where people could take another 10 per cent and pay it back over a 10-year period. If you look at the Grasett Park houses, with a 25 per cent discount you are down to about £260,000, £265,000 for a 3-bed house. If you were to add another 10 per cent on top of that, translate that to flats and they become very affordable, but I think what we are saying is we need to replace that stock that is sold otherwise we will end up in that U.K. scenario where ...

Deputy J.A. Martin:

Definitely, yes. I do not want you to give them away and not replace.

Deputy M. Tadier:

Is the argument should you not really be concentrating on just consolidating your stock, expanding your stock as a social rental provider and it is not really for you, I would argue, to be venturing out into either selling or the affordable housing? There should be other schemes, arguably, for affordable housing which should be set up separate to Andium because your clear remit is social provider. You have got such a shortfall at the moment that I think it is profligate for you to be doing that, one could argue.

Chief Executive, Andium Homes:

We are only talking about 15. As we put in our business case, we are talking about 15 per year to assist us with the current funding and certainly the discussions we have been having are along the lines of, yes, we would like to branch into those other tenures but of course with a very keen eye on the rental market. We are predominantly, of course, social housing providers in the rental market but there are opportunities to enable people to purchase a home which is affordable. We think that is a good thing and we have talked about mixed tenures on estates and mixing that up, but we have got absolutely a very keen eye on that rental stock and that is why we are looking to expand it. We have said in here we feel that there is a real opportunity with those in the private sector on income support. We would like to be able to tap into that, provided the sites and the funding is available, because that money is effectively leaking out of the system whereas we could keep it within and recirculate it or redirect it.

The Deputy of St. Mary:

Just going back to something you said, Mr. Jones, you have talked about a 15-year business plan, is it, which you agreed with the Treasury? That presumably is refreshed from time to time. Is it just yourselves and the Treasury involved or does the Minister for Housing, for instance, expect to be involved in that and Planning? How does it work? I would like to get a feel for that.

Chairman, Andium Homes:

There are 2 sides to the business plan. One is a 30-year financing plan that covers the whole period in which we would be borrowing and repaying money. The detailed plan, of course, is over about a 5-year period and we would aim to roll that forward on an annual basis. The memorandum of understanding that we have with Treasury, as the guarantor of the company, is that the business plan is approved by the guarantor representing the States as a whole. Clearly the business plan is based on how we would want to reflect the Island housing strategy which the Minister for Housing is responsible for. So that, in a sense, it is our implementation of that strategy and we agree with the Treasury as the financing and owning organisation.

The Deputy of St. Mary:

You would consult with Housing before going back to Treasury?

Chairman, Andium Homes:

That is right.

Deputy J.A. Martin:

Did you have any observations?

Mr. P. Mooney:

I was just wondering, if you could make a case for doing more mixed developments which might include some outright sale, some part sale-part rent, some market rent and also some affordable rent, and you could make all the figures work out and you wanted to do it, do your rules or memorandum of understanding or whatever is your guiding document, allow you to do that or would you need specific permission from the States in order to proceed with them? The reason why it might be attractive, although I appreciate affordable housing is your primary objective, is to do cross-subsidy, so some of the part rent-part sale, could be done from the surplus on the outright sales, but also to provide an alternative for some people who want to rent in the market but do not like the practices of some of the private landlords and would feel that you would be a more responsible, caring landlord than they might, even though they might be let on the same tenancy agreement.

Chairman, Andium Homes:

Yes, we have no difficulty with that concept at all. As I indicated earlier, we are interested in wider mixed tenures in estates as a cross-subsidy issue where we can provide more housing at 90 per cent rents if we can make a surplus on commercial activity. The memorandum of understanding does not prevent us from doing that. As I indicated earlier, the mechanism for doing it is through the strategic business plan and getting the Treasurer, the Minister who is the person who approves the strategic business plan, to accept that we have got the numbers right.

Deputy M. Tadier:

Have you got the autonomy to do that or does it need to come back to the States for any ...

Chairman, Andium Homes:

No, it is entirely between us and the Treasurer.

Deputy M. Tadier:

For example, if you wanted to build a large block of flats with a penthouse at the top which would be let out at market rate as luxury flats and then the rest could be ... just hypothetically, of course. Is that something you could do tomorrow with States approval, with the Minister for Treasury's approval?

Chairman, Andium Homes:

With the Minister for Treasury's approval, yes. He would be looking at what are we going to do with the surplus and the point is that clearly we would be reinvesting that in cross-subsidising new stock.

Chief Executive, Andium Homes:

You would also be looking at the risk profile of the company. There are certain things that we might want to branch into and others where we are becoming something very different and so, dare I say, maybe not penthouse.

The Deputy of St. Mary:

You do have responsibilities as directors? You accept that, yes?

Chairman, Andium Homes:

Yes.

Deputy J.A. Martin:

It is good to hear you have lots of flexibility under your M.O.U. (memorandum of understanding), because just before you were here we had the Minister for Planning in and it goes to the concern you expressed at the very beginning about the amount. We are looking for 1,000 affordable homes by 2020. The big sticking point at the moment is the Ambulance site and Summerland. So I suggested to him, and he is going to come and to talk to you, he tells me he is and he is going to talk to Treasury, that because you are sitting on a £250 million bond that there is money can be drawn down, is there something that could be done to the monies upfront from there? It solves you to go in and build earlier and the ambulance ... I know Treasury ... what I am saying is you all need to discuss this because you cannot really wait 8 years for that site to produce or to start 150 social houses. That is what he has told us and that is what the Minister for Transport and Technical Services or Property Holdings told us.

Mr. P. Mooney:

It would be like taking a temporary loan which would be repaid ...

Deputy J.A. Martin:

Out of capital when they have got it in 2021.

Mr. P. Mooney:

A temporary loan to allow the ambulance site to be unblocked and then when the transaction goes through and the receipt comes back, the money goes back into the bond for you to use for house building.

Chairman, Andium Homes:

Yes. Do not forget the money in the bond is not sitting in the bank doing nothing. There is a programme which absorbs all of that money and the ...

Deputy J.A. Martin:

Over 30 years.

Chairman, Andium Homes:

No, over the next 7 years.

Chief Executive, Andium Homes:

Seven years.

Deputy J.A. Martin:

It is the repayment over 30? You are spending it in 7?

Chairman, Andium Homes:

That is right. That money is all earmarked for sites and we have substituted the Ann Court site for Ambulance and Summerland because that is available today, Ambulance and Summerland is not. So we will be spending all of that money. It will not be sitting there doing nothing but it is not available to be lent to some other function of the States in the meantime. You can do it but it would mean building less houses.

Deputy J.A. Martin:

No, that is fine. So you have now swapped Summerland to Ann Court in the next 7 years but you have left the money for the Ambulance 150 homes.

Chairman, Andium Homes:

No, that will be spent on building Ann Court.

Deputy J.A. Martin:

So it is gone as well. So there is 2 big issues then. We will not have the money in 7 years and we will not be able to start ... it is not your problem. It is very interesting.

Chairman, Andium Homes:

We are very conscious that there is a major problem. It might have sounded a lot of money, the £250 million bond, but we will run out of that very quickly and we proposed, put a proposal to the Treasury for a mechanism for how we could raise more money beyond that and continue, and they are considering that at the moment. It is with the Treasury, in a sense, to respond on how we can fund the next round of work.

[14:00]

The Deputy of St. Mary:

So at the moment there is no funding to develop Summerland at all?

Deputy J.A. Martin:

No, they have spent the bond in the first 7 years, which is fair. I can understand it is not a lot of money when you are talking million pound projects.

The Deputy of St. Mary:

I was not criticising. I just was getting a feel for it.

Chief Executive, Andium Homes:

As our Chair said, we are pursuing other sites, substantial sites, and that is why we put a significant document to the Treasury in December about the possibility of securing additional funds because we clearly can be pushing on with other sites, otherwise we will stop and we will be caught in the old age thing of the tap gets turned off again and then we get caught by the lack of supply. But on Summerland we could ... we are talking at the moment potentially that could be split. In other words, let us not wait for the whole site. There is half a site there that could be vacated fairly quickly.

Deputy J.A. Martin:

It is very good to hear it from you because Planning would seem to be ... they would look but there is someone saying it is entrenched it can only be developed in one go and there is going to be a lot of uphill struggle. Those are the words of the Minister for Planning 2 hours ago, but it is good to hear. I cannot understand the problem because, as you say, half that site has been sitting there vacant so it could have been done and you have only got to move the ambulance.

Chief Executive, Andium Homes:

In an ideal world you would develop the site in one go but in all honesty you could bring half of that site which would produce ... I think we looked at how many homes?

Commercial Director, Andium Homes:

There were 2 permits, so the 2 sites are dealt with separately in planning terms because there is a strip of land in the middle that is not owned by the States. The Summerland/Thorpe House is 87 units and the Ambulance station is 65. Now, if the middle of 2017-ish Thorpe and Summerland was vacant and there is nothing in terms of the legal issues which fetters development and we have got the funding available, then 87 units would be very welcome. If there is no certainty about the Ambulance site emerging then maybe we have to take a view that we are where we are and a bird in the hand is certainly worth developing at that point in time.

The Deputy of St. Mary:

That clarifies things. Going back to the funds in place, just again to clarify it, you would have to get additional funds to do even half of it?

Commercial Director, Andium Homes:

Yes, because the funding is earmarked in the business plan.

The Deputy of St. Mary:

The funding is earmarked. It is being used elsewhere.

Commercial Director, Andium Homes:

We have reprioritised to Ann Court because Ann Court is available now.

The Deputy of St. Mary:

If you are looking for other sites as well, it is all so you can go and approach and say these are sites we could take on if we had more funding?

Chief Executive, Andium Homes:

Yes, and we are actively pursuing additional funds now because obviously these sites are coming along and we can get these developed sooner rather than later.

The Deputy of St. Mary:

In general terms, you will not be doing it for nothing. You have some expectation that if you do go forward with sites at appropriate values that Treasury might listen to you for the funding in a similar way as before?

Chief Executive, Andium Homes:

Yes, or potentially you secure the funds privately. There are other options, but the model works, we have demonstrated the model works, and there are a number of sites that are being brought to our attention and where we are actively pursuing which would produce substantial numbers of homes for purchase, for rental for key workers which is something else we have mentioned in here as well.

The Deputy of St. Mary:

That is encouraging to hear.

Mr. P. Mooney:

The sites that have been identified and which you are wishing to pursue, are they all zoned currently for housing and, if so, do you believe if the necessary consents came through they could be developed in time to count towards the States target of 1,000 affordable homes by 2020?

Chief Executive, Andium Homes:

2020 is pushing it a bit in view of the planning process and securing the sites, but these are sites that are a substantial size and would produce a substantial number of homes in the town area.

Commercial Director, Andium Homes:

They are not green fields. They are in the built-up areas. That is not to say that there are not planning policies, as we have mentioned in our submission, that can be a complication to reasonably large-scale urban regeneration and the policy E1 on employment land is one that is often not thought about. The historic buildings one is a very obvious one, but they are all in the built-up area. We are not talking about green field rezonings here. There is, we think, ample space in and around St. Helier for a significant number of new homes.

Deputy M. Tadier:

How many do you think could be built, in terms of affordable homes, by 2018, by the end of this term, of our term, so to speak? We were told just now - I do not know if it a reasonable figure - by the Planning Officer that we are looking at 700 affordable homes by 2018. Units did he say? Yes. Seems high to me, and that is net apparently.

Chief Executive, Andium Homes:

Not from us. We are talking about half that.

Deputy M. Tadier:

How far are we off that then? It was not just me that heard that. That is what was said.

Deputy J.A. Martin:

No, it was said. It was said. It is going to be on the Hansard anyway. On that way then, it if is not ...

Deputy M. Tadier:

Can I just ask what is the figure we are looking at by 2018 in terms of net affordable homes?

Commercial Director, Andium Homes:

We put a table into page 2 of our submission, which was to some extent looking back at the history of affordable homes supply from 2005 up to the present day and then casting an eye forward about all the known supply that we understand is out there, other providers, what they are doing and what we have got planned. Just looking very quickly, that is what ...

Chairman, Andium Homes:

Yes, 587 by 2018 less 37, is it not?

Commercial Director, Andium Homes:

That is best case based on the supply that ...

Chief Executive, Andium Homes:

Yes, I think that is the important thing, that everything gets developed.

Deputy J.A. Martin:

They said 700. They never said they were all going to be used for ... they said affordable homes.

Deputy M. Tadier:

That was net.

Deputy J.A. Martin:

Yes, it was net. It did not say it was going to be supplied by you.

Commercial Director, Andium Homes:

Just because land is rezoned, it does not necessarily mean that it suddenly materialises. It has got to be released and developed.

Deputy J.A. Martin:

That leads me on to the question ... Andium remembers my love of housing trusts and I have now come round to it, but where now do you work with housing trusts? From memory, I would go back about 5 years and I see 2 of your refurbishments on here, Convent Court ... or even 3. Convent Court, Caesarea and Hue Court, one of the bigger trusts had the money ready to do. So, are you working with them? Have they got money in the bank? Is someone trying to stop them now? I mean, they are there. How closely do you work with their building programme, put it that way?

Chief Executive, Andium Homes:

Well, we have a very good relationship with the housing trusts but obviously we are refurbishing and developing in our own right now and so ... I would not say never but it is unlikely that we would be asking them to refurbish and develop our properties when we have access to funding and quite honestly we would want to retain them for all sorts of business reasons as well.

Deputy J.A. Martin:

I have just been told you have a limit. You have your £250 million bond spent over 7 years. Only 18 months ago in the States there was plans ready to go by ... I will not name the trust but you will know the trust. It is not a secret but I just will not name them. They had got plans ready to go for Ann Court. I said I need to know more about this before we transfer them and then these plans have disappeared. So if there is private, sort of semi-private money out there to do these sites when you are limited to a 7-year programme of £250 million, why or are they being blocked? Why is or are they being blocked?

Chief Executive, Andium Homes:

I think the trust did have to have access to the bond money, not ...

Deputy J.A. Martin:

It is not different money.

Chief Executive, Andium Homes:

No. Yes, they were looking, certainly on the Ann Court site, as far as I am aware, for that funding to come from the bond.

Deputy J.A. Martin:

Okay, so that clears that. It is not new money.

Deputy M. Tadier:

Who would have owned that site?

Chief Executive, Andium Homes:

The Jersey Homes Trust. Sorry, you might as well mention them.

Deputy J.A. Martin:

Yes. Obviously if they are looking for States money, I would prefer it to stay in the States. I was told at the time, I thought, that they had the plans and the money to go and they had money in the bank. If that is wrong that is wrong.

Chief Executive, Andium Homes:

They have reserves. Yes, they do have reserves which I think, I believe they are using on the J.C.G. (Jersey College for Girls) social rented element.

Deputy J.A. Martin:

All right. Thanks, Ian.

The Deputy of St. Mary:

To clarify the point, there is no question of housing trusts utilising your bond in any way, is there? That is sacrosanct.

Chief Executive, Andium Homes:

I suspect if they came up with a scheme the Treasury would want to run with it, but at the end of the day we have come up with our plans and, to be honest, we need the entire bond money and we are pushing on with the schemes.

Deputy M. Tadier:

Can I just ask, after the 7 years - I should probably know this - once that money has been spent and then the money has been paid back to Treasury, what are you left with as a working fund? Does that get replenished?

Chairman, Andium Homes:

That, in a sense, is still to be discussed but the assumption is that as we start to repay the money the Treasury would relend it to us, keep going.

Chief Executive, Andium Homes:

Because the bond is 40 years. We will pay it back over 20.

Deputy M. Tadier:

Thanks for that. I have got a question about land and land acquisition. We just had the other hearing before and we were told by Planning officers that it is increasingly common for speculators or developers to just buy land in advance and then seek planning permission afterwards. That is presumably not something you would do, maybe because of the risk, but is there any scope for yourselves or the States to start doing that to acquire land? Obviously the States could do it because it does not need ... there is no presumption of development but how do you acquire your new sites in order to ... and how do you source new sites?

Chairman, Andium Homes:

I suppose it goes back to the question: where are the sites? Essentially we are taking the view, I think, that there is unlikely to be any further major release of land outside St. Helier. There might be 4 houses here, 6 houses there in parishes, but we are certainly not looking to buy speculatively green field sites or ex-glasshouses or anything, partly because, as you rightly said, there is a risk to us and partly because we do not think that is really where the trend of public opinion is going. Public opinion, I think, is focused now on regeneration of St. Helier and obviously to buy a site in St. Helier, I mean subject to the various planning constraints on employment use in particular, which is an issue, we would be in the same position as any other developer. We would be looking at a brown fields site, it has got existing uses, town planning, new consent to build housing rather than employment on that could be obtained, and we would buy on that basis.

The Deputy of St. Mary:

So you obviously get some preliminary consent before you even consider buying it. Yes. Have to.

Chairman, Andium Homes:

Very much, yes.

Deputy M. Tadier:

It is all anecdotal because we have not got the figures, but why do you think other developers are willing to take the risk and purchase land?

Chairman, Andium Homes:

I would be surprised if they were purchasing land. They are buying an option subject to getting planning consent and then they pay for it.

Deputy M. Tadier:

You said that is probably not applicable to you because you are ...

Chief Executive, Andium Homes:

I think I would say as well that if we are looking ... the discussions we are having and we look at the opportunities for the regeneration of St. Helier, and I mean sympathetic and creating communities and not packing them in, provided we can work with Planning and see some movement on the employment policy on land and historic stuff, I would argue that there is not a need to pursue those more risk elements. Dare I say, I am not sure politically that would be supported if Andium Homes was using money to go and purchase land that may or may not be developed at a later stage. I think we would be in different territory.

Deputy M. Tadier:

Is this something you envisage the States ... it is probably not within your remit and maybe it is more for the States to consider the management and acquisition of land.

Chairman, Andium Homes:

We certainly mention in our submission the question of whether there is a reluctance among land owners to put land on the market, to sell land for which they have got a consent. They are sitting on now a very valuable asset. They maybe think it will be more valuable in 5 years' time. That is not doing anybody else any favours other than them and we have mentioned in the submission the question of compulsory purchase, which of course is a States function. Whether the States has any interest or appetite in that is for them to decide.

The Deputy of St. Mary:

We were discussing earlier on about carrots and sticks. On a development site, if there were financial penalties introduced it might encourage them to sell to such bodies as yourself, which would be an extremely good thing.

Chairman, Andium Homes:

Yes.

Deputy J.A. Martin:

Can I just ask, it is an overarching question and if you do not have the answer and it is probably more political ... but I put it to the Minister for Planning and I appreciate we have not got a Minister. On all these figures and the 1,000 affordable homes by 2020, your housing list, who is coming through, has anyone ever said this is the figure of population you are working to or around, a ballpark? It could be yes or no.

Chairman, Andium Homes:

Let us put it this way. We are currently so far behind and the waiting list of existing people who are currently living on the Island is so large, in a sense we do not need to get into that debate.

[14:15]

We would have to clear the waiting list, which is not going to happen, before we got into the question of whether there were going to be further households on the Island already catered for in the Gateway.

Deputy M. Tadier:

I guess the other question then, following on: if you and we, as an Assembly, had carte blanche and you were charged with clearing your waiting list within the next 10 or 15 years, what would you need to do to be able to do that?

Chairman, Andium Homes:

The first point to make is that the idea of clearing the waiting list I think is very optimistic. The waiting list is not a fixed group of people.

Deputy M. Tadier:

It is a deliberately optimistic question but I think you ...

Chairman, Andium Homes:

The waiting list, obviously there are people being rehoused every year, people drop out, find another solution and add to it. So I would never envisage that you would get to a situation where you had no waiting list. If we did, then we would probably have empty houses on the Island, house prices would be falling. It would be an almost unimaginable world, so I think there would always be some element of waiting and waiting lists in existence.

Deputy J.A. Martin:

I absolutely appreciate ...

Deputy M. Tadier:

But you understand the question. I think the question still needs to be answered. The mismatch is what I am saying between the ... so if you had equality obviously there would not be a waiting list. What would you need to do to get to that point?

Chairman, Andium Homes:

We would need to build more and build consistently. I think that is the point, that we are meeting a need which is there year on year on year. It is not a question of building ...

Deputy M. Tadier:

It is the land, is it?

Chairman, Andium Homes:

If someone gave us a site for 1,000 homes that clearly would make a dent in the waiting list, a very large dent, but the waiting list would still be there at the end of it.

Deputy J.A. Martin:

My question was, were you ever given a figure about the population you are housing, the number. You said you were so far behind and that is not your goal. I appreciate that but if we do not have a figure, a round figure ... so the answer would be you have not been given a figure on it?

Chairman, Andium Homes:

We have not been given a figure.

Deputy J.A. Martin:

Fine. Thank you.

Deputy M. Tadier:

It is probably the right time to move on to St. Helier.

Deputy J.A. Martin:

I just wanted one more question, which is important to me as the ex Minister for Health. You say in your submission to the panel you advised that you would like to take over management of other States-owned residential housing on Jersey. It just says: "What would be the benefit?" I know Health have got approximately around 300 units and from memory they have been trying to give them to a social landlord or Housing for many years and I am surprised that you would ... is it you that will not have them or are they now resisting?

Chief Executive, Andium Homes:

I think one of the reasons was that they did not come with any sort of seemingly proper income or anything attached to them to ... because, quite honestly, they needed substantial repair and improvement. I think what ...

Deputy J.A. Martin:

Exactly. Health is not in the landlord business. That is why they have been rundown over these years.

Chief Executive, Andium Homes:

As we know, you have got to have an income stream and you have got to have that condition survey on the stock and know what you are taking on and the problems associated with it. I think what we were arguing is that there are States departments that are overseeing their own individual portfolio of residential property and we would suggest that we could do that for me.

Deputy J.A. Martin:

Do a better job. That is your business, yes.

Chief Executive, Andium Homes:

Well, we do. It is what we do. Health want a property to house people that might have special needs or whatever and we work very closely with them but ...

Deputy J.A. Martin:

But if you brought them into the stock and applied the same Gateway laws, because I do know perhaps one nurse ... because it is the only property they have got they might have a 2 or 3-bedroom house and that stock is not available to you to put the people in. So it would seem it is mainly money or the condition of the stock you are being asked to take over?

Chief Executive, Andium Homes:

Yes. I think it is ... we believe we can provide a solution in that area and we believe we can provide a solution for key workers but, quite rightly, we have got to be able to establish a proper business case around this so that we can provide the homes that we have an income in order to maintain them and expand that service. I think that is the difficulty, that people might want to give you property but it does not come with any money.

Mr. P. Mooney:

Have the discussions started about the possible transfer of these properties and the terms that both sides would want? I can well understand your requirement that you do have access to monies to bring them up to a decent standard.

Chief Executive, Andium Homes:

Yes, conversations have taken place but I will hand over to Carl here who has a closer ...

Commercial Director, Andium Homes:

Yes, we have worked with Health and Property Holdings over a number of years, more than I probably care to reflect back on. We have done a full condition survey for them at one point so we could understand what the stock was, where it was, what condition it was in, what the reinvestment profile is, where the rents were in relation to market ... I think where we have stalled in those discussions, dare I say, is around some of the employment issues around the individuals who occupy those units and the terms and conditions of employment; some of the accommodation comes with the job to an extent. Unpicking some of the H.R. (human resources) and terms and conditions elements of it has been the difficult bit. In reality, transfer of buildings and assets, once you know what they are, where they are and what they are worth and what their investment needs are, is a relatively straightforward process. I have got another meeting probably in the next 4 or 5 weeks with the Director of Property Holdings and one of the senior team from Health to try and pick up that strand again now that we have gone through the transition over to Andium Homes, just to kind of look at that again cold and hard and see whether our colleagues at Health have been able to advance their thinking around some of the terms and conditions.

Deputy M. Tadier:

Just to focus on the town building where most of your development presumably is taking place in and around St. Helier, the thrust is generally about whether the current planning requirements are too restrictive in any way. We could be talking about height or about any kind of obligations that you have to fulfil for new builds. Is there anything that you think could be changed or relaxed to facilitate more building or more expedient building?

Commercial Director, Andium Homes:

We have been looking at a number of sites, as has already been mentioned, around the town and I think we do keep coming up against ... and it is not a criticism of planning officers at all. They are applying the policies which are in the Island Plan and they are obligated to do that. But when we start looking at quite significant sites in town and then one of the very early hurdles we have to get over with landowners, because we do not own these sites, is the policy E1 in the Island Plan, the employment land policy. It seems to us that the threshold being set for evidence saying that a piece of land is no longer suitable for employment is quite a high threshold. In the past that might have been quite understandable but I think one of the things that we are seeing with St. Helier now is we are seeing a migration of business uses, predominantly office I grant you, down towards the waterfront area. Our thought is, are we reaching a point where we need to have a bit of a rethink about policy E1. Does it need to apply perhaps more stringently in certain parts of town and less so in others where the appropriate use for land may well be residential? If we can, to some extent, make regeneration activity as straightforward as possible, or at least make sure that the policies that wrap around St. Helier help to facilitate some of those ambitions, then it does make the job of putting together a coherent plan for an area that much more straightforward and engaging with the planners during that process, whereas I do feel on one or 2 occasions we have come along with some quite exciting opportunities, we were almost told to go away and think about policy E1 before we do anything else.

Deputy M. Tadier:

I was going to ask about the Esplanade development. Part of the ethos was to free up space in the centre of town, we are told, which would somehow then be converted into accommodation although we are not really told how that process would take place, presumably by osmosis. So it seems strange that there is a conflicting planning policy that makes it difficult to do that. Is it perhaps a question of needing a masterplan which would say: "This area of town will be for residential and there is now a presumption that any change of use will be facilitated"?

Commercial Director, Andium Homes:

It could be, if I can chime in again. I think we have got the north of town masterplan which needs to be updated but has been helpful in setting context and setting direction. A whole of town masterplan? That would be very nice but perhaps that is rather a large thing. One of the problems is those masterplans can date quite quickly. We talk in our submission about the west of town. We have got Ambulance, Summerland, we have got the Hospital. There are some key things going on in the west of town that perhaps bring it into focus means that it needs a master plan or even some supplementary planning guidance which just helps to give direction and to set context and maybe sets out some of those things about in this part of town we will take a more relaxed view about employment land, which can be reasonably evidenced as no longer useful, and

those sort of things. But they are helpful to some extent in focusing attention and giving, I think, policy ... the guys that have got to convert that policy, the planning officers dealing with individual developers, a sense of how they interpret the policies in the Island Plan.

Chairman, Andium Homes:

The only thing to add is that obviously one has a terror of calls for an all embracing masterplan which will appear in 20 years' time. We have just been discussing how many houses there are going to be by 2018. If work had started on the masterplan by then I would be ...

Deputy M. Tadier:

I think the point is it is mainly in the absence of a masterplan probably that we are in this situation.

Chairman, Andium Homes:

I think it is best to treat these as a site-by-site problem, in the short term at least.

The Deputy of St. Mary:

I raised a question this morning of the Minister for Housing about the question of skilled labour on the Island to implement all these construction projects. Do you see yourselves as being in competition in any way with hospital projects, waterfront, et cetera, or are you relaxed that the sources here will be available to build what you want?

Chief Executive, Andium Homes:

We do have a close working relationship with Treasury and so we do share the information between ourselves about the capital projects and the various phasing of them. We do meet regularly with the construction industry and provided that the appropriate phasing takes place then the construction industry is satisfied that it has the necessary resources to deal with the build programme. But of course that will depend on things like a hospital and such matters. But we are actively talking about it. It is something that is on everyone's agenda because the last thing we want to do is be pushing up prices on build projects, because we have had some extremely good tender prices over the last 2 years, very, very good, and we want to obviously try and keep things as keen as possible but that will take some planning. But it does depend on when these very large projects are coming through.

The Deputy of St. Mary:

Yes. So it is not in your destiny. I appreciate that.

Deputy M. Tadier:

Are there any options for when it comes to ... it is called over 55s I think nowadays but for elderly people who want to downsize. Is there any scope for you to offer inducements whereby you can maybe take their properties and then offer them lifelong enjoyment of a smaller property? Is that anything that you could make use of?

Chief Executive, Andium Homes:

Yes, we are.

Deputy M. Tadier:

Is that in the pipeline already or ...

Chairman, Andium Homes:

There is clearly a longstanding policy of the States to encourage, persuade people who are under-occupying social housing to move and are doing so. We have been talking about whether it is possible to extend that to make an offer to owner-occupiers along the sort of lines you are suggesting that effectively we will go for some kind of lifelong home, lifetime lease or whatever, so people could release equity on the one hand, supplementing pension income, and have an alternative appropriate somewhere to live.

The Deputy of St. Mary:

Back to the question, are there some examples of that in progress already where you have identified a property maybe where an elderly widow just needed and is just concerned about seeing her days out there?

Chief Executive, Andium Homes:

I think we are pursuing on a couple of sites the possibility of having downsize units that people can ... because there is a lot of people in Jersey, is there not, on the States loan homes that are worth potentially £400,000 or £500,000? So they are sort of asset rich, cash poor, because they are living on a pension. They have not got any other income. But downsizing is not realistic because by the time they have bought a bungalow it is not much different from where they are.

[14:30]

So we are looking at a model at the moment about the opportunity of offering bungalows, et cetera, for people to downsize to. It could be, as the Chairman said, on a leasehold arrangement, which are substantially cheaper, which would enable them to sell on that family home, have a capital sum at the end of it and release, as I say, that family unit back into the market. There are a

lot of people around who are in States loan homes that are paid for and they are sitting on a lot of money that they cannot actually realise.

Deputy M. Tadier:

Could they even release that home into your ownership?

Chief Executive, Andium Homes:

Could do, yes. We have looked at that as well.

Deputy M. Tadier:

Through a trust or something.

Chairman, Andium Homes:

It is a question of who buys the home, is it not? The second order question. We can certainly do that, yes.

Deputy J.A. Martin:

Are any of your plans on the 7-year funding to provide what I call the equivalent of the U.K. sheltered housing, not lifelong homes, where they have somebody there, they will have a community area? I know there is a contention between who does this, should it be you, should it be Health, or are you working on looking at this again?

Chief Executive, Andium Homes:

Yes, we are. It is an area of the business that we have discussed with the bBoard at an away day, which is this extra care facility. People are living longer, that is obvious, and so there are real opportunities to create something that is not full residential care but is somewhere in between and there is a number of models that work extremely well in the U.K. and we would like to, subject to the sites and the funding, pursue them because the model works, people do like them.

Deputy J.A. Martin:

Well, it is really good to hear that.

Chief Executive, Andium Homes:

It is an area of the business that Andium Homes would very much like to be involved in and has every intention of bringing that to the Board for consideration as soon as it can.

The Deputy of St. Mary:

Sorry, I am just conscious of the time here.

Mr. P. Mooney:

It was just to clarify something. When we were talking about over 55s downsizing to smaller properties, can I just clarify my understanding? If this is within your own stock, people are willing to downsize do not qualify for any form of financial incentive or inducement, do they?

Chief Executive, Andium Homes:

No, I was talking about owner-occupiers. This is owner-occupiers. You are talking about people who are renting within our own stock?

Mr. P. Mooney:

So if you have a tenant occupying a 3-bed property but their family have grown up and moved away, so it is just an older couple, there is no incentive to encourage them to move into a one-bedroom property, although I believe you do have something in your tenancy agreement that allows you to encourage them to move subject to you having the properties available for them to move into, but there is no grant.

Chief Executive, Andium Homes:

No, there is a couple of things there. One is if the people are on income support then their income support will not cover the rental element of a larger property. But the other thing is we work, and so we should, very closely with those tenants in that situation because the stock that we are building at the moment becomes quite attractive for people to maybe downsize to a specific one-bed unit or bungalow, cottage, that sort of thing, and the culture in Andium Homes would be working with those people, not forcing them. It is very, very rare that that situation arises. I think there are grants in the U.K. offered to people to downsize, are there?

Chairman, Andium Homes:

There are and I suppose the difference ...

Mr. P. Mooney:

Funnily enough it is often found that the help that you can provide those people is often a bigger incentive than the grant. They will still take the grant but it is often the help that you can provide in terms of arranging removals and things that counts for more. Sorry to interrupt.

Chairman, Andium Homes:

I was just going to make the point that there is a difference between the U.K. and Jersey in that in the U.K. social tenants have security of tenure and of course Jersey does not. So there is a significant difference there.

Deputy M. Tadier:

Is that on the cards somewhere? Whose job is it to make sure ...

Chairman, Andium Homes:

That is for the States to determine.

Deputy M. Tadier:

Yes, that is right. I know you obviously try and operate a humane and compassionate policy, which you have done anyway previously when you were a States department. Can I ask whereabouts we are in terms of finding a regulator for you and what you are doing in the absence of a regulator?

Chairman, Andium Homes:

Obviously the first part of the question is one for the Minister for Housing and the Strategic Housing Unit. I think they are either out or about to go out to consultation with the providers on their proposals on that front. So that is in hand. In the absence of a regulator, we are attempting to behave sensibly, which is the simple answer. We have regular meetings with the Minister for Housing, with the Strategic Housing Unit. We meet equally with the Minister for Treasury as guarantor of the company, and we are attempting to be as open as we can about our policy and practices so that should a regulator appear we would not expect to behave any differently.

Deputy M. Tadier:

In terms of disputes and appeals, it would ultimately go to the Minister if there is any problems or disputes?

Chief Executive, Andium Homes:

To be honest, the requests that we receive from States Members we treat no differently from when we were the Housing Department, and rightly so. We always respond to any complaints that the Minister for Housing might pass on. To be honest, the ethos of Andium Homes and how we treat people, we are conscious these are people's homes, communities, and quite honestly we are answerable and so we should be. I think hopefully ... we are part of F.O.I. (Freedom of Information) and we are the one incorporated body that is, and we wish to be open and transparent about what we are doing. So, if anybody wants to know anything, they should come and see us and we will give answers, however difficult they might be.

The Deputy of St. Mary:

Perhaps on that reassuring note we should conclude. Thank you, gentlemen. I am much more informed than I was before and we are grateful for your time, all of you. Thank you.

[14:36]