

# Affordable housing: supply and delivery

Environment, Housing and  
Infrastructure Scrutiny Panel

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## Chair's Foreword

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My panel is pleased to be able to present a report on affordable housing supply and delivery in Jersey.

The definition of the word 'affordable' is, in itself, subjective and dependent on numerous personal factors but the base line is that houses should be able to be bought or rented by people who, without government intervention, would be unable to do so.

Given an average house price presently at £630,000 and rental for a two-bedroom flat being £1600 per month it is clear that Jersey prices compare with those in London where salaries are greater and there is a broader choice.

Jersey is a desirable location and has a geographically limited number of houses, thus creating an imbalance between supply and demand and a consequentially higher cost than may pertain elsewhere. The upcoming Bridging Island Plan has the potential to help by providing additional housing sites within the parameters of retaining our much valued open 'green' spaces and complying with our carbon neutrality aspirations. It maybe that Government needs to be more pro-active in assembling land parcels for development.

It must be questioned whether it is right that Government are taking £13m out of Andium and preventing them from increasing the pace of what they've been charged to do – deliver affordable homes.

There is little doubt that the construction industry is overheated and the inability to bring in additional non-qualified staff with its own consequences on accommodation stimulates the necessity to review modern, less labour demanding, methods of construction. This together with early release of Government sites must receive consideration in early course.

Lack of resource and manpower in the planning department has contributed to the lengthy lead times incurred in moving projects forward and local skills shortages need addressing.

Government have made many mistakes with housing developments in the past and can also claim significant successes. Let us learn from mistakes by creating post build logs.

We have embarked on the process of providing key worker accommodation for reasons that are clear but without thought of the consequences of creating a separate tier of society. We need to take care that this does not create any divisions.

It would be wrong of me not to mention the influence that a Population policy has on affordable housing in Jersey. I look forward to it being produced early in 2022.

I make no apologies for producing such a wordy document, it is a complex subject which has caused successive Governments, let alone Island residents concern and I do hope it assists in providing the supply of affordable housing in our island.

I would take this opportunity to thank officers of the States Greffe for their diligence in producing the report on behalf of the panel.

A handwritten signature in blue ink that reads "Jackson". The signature is fluid and cursive.

**Connétable Mike Jackson**

**Chair, Environment, Housing and Infrastructure Scrutiny Panel**

# Executive Summary

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In response to growing concern of the issues surrounding housing supply and affordability, the Panel launched its review in May 2021. The Terms of Reference to the review can be found in Appendix 1 of this report. A total of 48 submissions were received from key stakeholders and members of the public during the call for evidence. Public Hearings were also held with Andium Homes, Jersey Development Company, the Minister for the Environment and Minister for Housing and Communities in July 2021. The Panel's review has also been informed by the engagement of expert advisors [ARK Consultancy](#) who specialise in advising on many aspects of housing, including housing market functionality and assessment, housing policy and new homes development. ARK's advisory role was to provide expert knowledge and insight to assist the Panel in undertaking an in-depth examination of affordable housing supply and delivery in Jersey. ARK's final report can be found in Appendix 2 of this report.

Our review has explored the key issues surrounding housing affordability in Jersey, the types of housing need, as well as the Government's current definition of affordable housing. It has also explored the existing barriers to the supply and development of affordable homes.

The Panel has considered both existing and proposed Government policy and strategy, namely, the Draft Bridging Island Plan; the Island Public Estate Strategy; and the Creating Better Homes Action Plan, which are intended to address housing shortage and affordability in the short to medium term.

The evidence we have gathered has highlighted both the challenges and opportunities of delivering affordable homes and the importance of the role of affordable housing providers, parishes and Jersey Development Company.

Our review has resulted in 64 key findings and 61 recommendations which have been categorised by theme as follows:

- A. Housing need and demand
- B. Housing affordability
- C. Land supply, promotion and 'housing enabling'
- D. Funding and subsidy of affordable homes
- E. Leadership, collaboration and partnership working
- F. Skills, capacity, resources and resilience
- G. Planning policy
- H. Population policy and key workers

A summary of the most notable key findings and recommendations under each of these headings is provided below.

## A. Housing need and demand

It is apparent that the Affordable Housing Gateway eligibility criteria is too restrictive and prohibits legitimate access to individuals in need of social housing. There is, however, concern that widening the eligibility criteria without much-needed supply of housing will lead to longer wait times for those on the waiting list. Work is being undertaken by the Minister for Housing and Communities to consider expanding the criteria and it is pledged that this work will be complete and acted upon during 2021.



As well as demand for first time buyer properties, there is also increased demand for smaller homes for 'retirees' who feel there are no suitable options available on the market which would enable them to 'right-size' into from their larger homes. It is a policy intention of the Minister for Housing and Communities to encourage right-sizing whereby home-owners can move to a smaller, more appropriate home for their needs and, in doing so, release a larger family unit onto the market. However, some stakeholders expressed the view that the sites proposed in the Draft Bridging Island Plan to meet the Island's housing needs, are not necessarily reflective of local parish need.

The Draft Bridging Island Plan 2022-25 seeks to address concerns of an over-concentration of a particular type, size or tenure of housing and whilst there is a focus on flatted, high density development, policy H4 intends to address existing concerns of a high concentration of exclusively smaller bed size units, promoting a more diverse mix of occupants within the community. The evidence and views provided by some parishes does not appear to have been taken on board fully during the Draft Bridging Island Plan process, which has led to some sites being proposed in the Plan which do not reflect evidenced local parish housing need. Sites suggested by some parishes have not been included in the Plan and there are also concerns that the sites which are proposed will not cater for the appropriate proportion and mix of housing by type, size and tenure.

Some stakeholder views expressed a lack of confidence in the Bridging Island Plan housing delivery targets being met over its lifespan. One housing provider expressed the view that whilst the affordable housing delivery target will likely be met, it is unlikely that 1,500 affordable homes is sufficient to meet demand.

The Panel has found that build-to-rent provides a potential opportunity and role for the private sector to assist in contributing to the delivery and supply of decent housing, and at scale. It differs from buy-to-let on the basis that it is built and designed specifically for tenants and offers the best design standards, facilitates placemaking and promotes better community living and facilities. It also offers prospective tenants better security of tenure than traditional buy-to-let. Further research will need to be undertaken to assess whether there is appetite for build-to-rent schemes, as well as how to ensure scheme viability.

The Panel has made ten recommendations (A1-10) aimed at addressing housing need and demand. Some of these recommendations include:

- The Objective Assessment of Housing Need (OAHN) which underpins the Draft Bridging Island Plan should be built on and updated to develop a model to assess housing need and demand. The purpose of this is to provide a robust, shared and agreed evidence base for housing policy and land use planning. The model should include a methodology for assessing housing affordability, critical to establishing the degree to which market housing offers an affordable option to residents. Once a measure of affordability is established, it will help to determine whether demand for housing is being met within the market and the extent of unmet need. This in turn enables the required housing supply target to be set including: the type of housing, the tenure that should be provided and the amount of affordable housing required. This robust methodology would then form a consistent basis for regular (at least every 5 years) reviews of housing need and demand.
- Policy guidelines for determining eligibility for social rent and affordable purchase properties should be revised. The outcomes of doing so should be used to review the mix of tenure for the affordable sites proposed within the Draft Bridging Island Plan to ensure that the mix is reflective of actual housing need.



- A suitable contingency measure should be put in place, should it be determined that the sites zoned for affordable housing will not deliver the required type and number of properties suitable for right-sizing within the local parish. Consideration should be given to a reserve list of zoned sites for housing and/or Supplementary Planning Guidance which would facilitate the development of homes where it can be demonstrated there is a need for suitable right-sizing options which cannot be met from the agreed list of sites.
- Needs-based financial incentives should be explored to encourage elderly people to 'right-size', as often they don't have the financial means that will enable them to move and this should not affect their rights to the Long Term Care scheme.
- The housing needs of some younger cohorts (such as those with learning disabilities, homeless or young care leavers) with specialised housing requirements should be understood more fully. This should then lead to the setting of specific targets for appropriate types of housing based on up-to-date information on current and forecast need.

## B. Housing affordability

It is apparent from our review that Jersey's highly competitive property market is creating a surge in pent-up demand which cannot keep pace with supply, leading to an overheated housing market with imbalanced supply and ultimately resulting in increasing property prices.

House price rises have made it increasingly difficult for individuals and/or couples on a middle-income salary to purchase a 1-bedroom home and high rental costs make it impossible for them to be able to save for a deposit on a home. Scoping research into suitable affordable purchase products has begun and is anticipated will be delivered by Government by mid-2022.

The Panel notes that action has been taken by the Minister for Housing and Communities to freeze social housing rents for 2022. Plans under Action 3D of the Housing Action Plan to address excessive rent rises in the private rented sector are not planned until towards the end of 2022.

The Panel heard evidence that the Dwelling-Houses (Rent Control) (Jersey) Law 1946 law makes provision for a constituted rent tribunal, however, such a tribunal no longer exists. It is thought that this is due to tenants fearing repercussion from landlords for taking them to a tribunal.

The Panel found that the Government of Jersey's current definition of affordable housing outlines various criteria for defining both affordable rent and affordable purchase, however, it makes no mention of relating housing costs to income levels.

It is Andium Homes' view that charging less than 90% market rent for social housing will not directly impact the affordability of their homes for tenants on the basis of the role played by income support payments. 34% of Andium's tenants have their rent paid by income support and 60% have some level of payment from income support to cover their rent. These income support payments to Andium total £17m and are eventually paid back to Treasury when Andium make their £30m annual return to Government. This results in a £13m surplus being paid back on top of the income support payments.

The scale and impact of High-Net-Worth individuals moving to the island and being able to own additional rental property under certain conditions is unknown, however, it is anecdotally

thought to be having a detrimental effect on inflating housing market conditions. It is further unknown how the policy is being enforced and the Minister for Housing and Communities is in agreement that this should be looked at. The Panel found that there is anecdotal evidence that suggests the demand for, and purchase of, buy-to-let properties by investors may be contributing to higher property prices, and also the availability of affordable properties for first time buyers. The Minister for Housing and Communities has committed to investigating the issue further with a view to addressing the issue with appropriate controls and conditions on buy-to-let purchases.

The Panel understands that Jersey Development Company took the decision approximately 18 months ago to prevent any further sales to overseas purchasers. However, the common structuring of their apartment developments tends to be via share transfer and whilst action can be taken to prevent that sale to foreign investors on the first transaction, onward transactions are then not preventable. The South Hill development and future JDC developments will, however, be structured as flying freeholds, meaning sales can only ever be made to residentially qualified individuals.

The Panel has made eight recommendations (B1-8) targeted at measures to address some of the issues highlighted in relation to housing affordability. Some of our recommendations include:

- The possibility should be explored of re-establishing the rent tribunal process with the aim of providing some level of protection and recourse for tenants against excessive rent rises in the private sector whilst further protection measures are researched and considered.
- The current definition of affordable housing should be revised to make provision for relating this to income levels.
- The impact on tenants of their rents being set at, or increasing to 90% of market rent should be investigated. The review should also assess and report on the ability of tenants to meet their living costs, the role played by income support and whether rents set at 90% of market rent discourages people from taking up employment opportunities.
- The potential impact of buy-to-let properties on housing affordability and any suitable measures to restrict and/or control this purchase type should be further understood
- An assessment of the possible scale and impact that the relaxation of policy guidance relating to High-Net-Worth property investment has had on inflating rental and property purchase prices should be carried out.
- There should be further exploration and consideration of restricting the sale of existing share transfer properties.

## C. Land supply, promotion and ‘housing enabling’

It is evident that there are competing tensions between the need to build more affordable homes and where to locate them. It is recognised that land is in short supply, however, there is also public concern for loss of green space and fears of ‘urban sprawl’.

Land-banking is also a historic issue preventing the supply of new homes. The Panel notes that Policy H5 of the Draft Bridging Island Plan 2022-25 states that where development on sites allocated for affordable housing has not come forward within three years of approval of the Island Plan it may be subject to compulsory purchase.

The Panel recognises that Planning policies are evolving to recognise the need to improve access to land with development potential. The re-zoning of sites to cater specifically for affordable housing development is not generally used in other jurisdictions such as the UK, however it is a useful policy tool, particularly when land is in short supply, such as is the case in Jersey.

Having land classified with a specific use such as affordable housing should create a natural cap on land value which is significantly below market residential development. This is due to the long-term restrictions on the tenure of the site. It is acknowledged, however, that a balance needs to be struck between the cost of re-zoned land for affordable housing and price secured by willing landowners. This balance can usually be achieved by permitting a reasonable uplift from existing use value which arrives at a 'benchmark land value' (BLV).

The Panel has made eleven recommendations (C1-11) aimed at boosting land supply, encouraging best practice land promotion functions, as well as strengthening 'housing enabling' within the newly formed Strategic Housing and Regeneration Team. By this we mean a practical level of support for partners to bring schemes forward and an energetic programme management role. A key objective to adopting this approach should be identifying early blockages to progress with schemes and co-ordinate action across Government and with partners to get schemes back on track. It is our view that Government, particularly the Planning system, can do more to be a key facilitator to the timely delivery of affordable housing. Some of our recommendations include:

- A formally agreed pre-application process with an appropriately set fee, as well as other fact-tracking initiatives.
- Establishing a benchmark land value for sites zoned, or in some way restricted, for affordable housing development.
- Consideration given to how disposal processes for sites can be sped up in return for provider commitments on building out sites within an agreed period.
- The release of Government-owned sites across all affordable housing providers where appropriate and according to their development/site requirements.
- Consideration given to whether Government could enter early disposal deals with providers, enabling them to progress pre-contract development work and for Government to continue to have use of the existing buildings until an agreed contractual deadline.
- A compulsory purchase 'backstop' should be imposed on sites zoned for affordable housing where appropriate to ensure sites are developed within a reasonable timeframe.
- An active land promotion function should be established for affordable housing, potentially in partnership with Andium Homes and Jersey Development Company.
- Land promotion activity should exercise compulsory purchase in specific, but limited circumstances. It should include positive land assembly work for sites in multiple or complex ownership and also site remediation where that would significantly enhance the developability of a brownfield site.

## D. Funding and subsidy of affordable homes

It is asserted by Government that in contrast to the previous grant system which saw a 'significant disinvestment in housing', the 90% of market rent policy has worked well to date

in providing a suitable funding mechanism for investment in affordable housing. However, it is unknown whether the Government of Jersey will actively investigate and pursue an alternative funding option of a capital grant system.

The Panel found that the majority of affordable housing providers anticipate making contributions to the additional supply of affordable housing over the lifespan of the Bridging Island Plan. However, there is a lack of appropriate, available sites and reliance on limited commercial loans is hindering them from doing so. The release of suitable Government-owned sites across all affordable housing providers would help address this issue.

Having heard evidence from Andium Homes, the Panel found that the £30m annual return made by Andium Homes to Treasury is not having a detrimental impact on Andium's ability to meet their business objectives and develop affordable homes. However, if they were able to retain the £13m surplus, and only return £17m to Treasury for the income support payments, this would enable Andium to substantially ramp up their current projected delivery targets for new homes.

Another finding was that the proportion of affordable units provided for in Jersey Development Company's residential developments needs to factor in other requirements such as delivery of substantial public infrastructure and public realm within the development, in order for development schemes to stack up financially. JDC intends to utilise the profits from the residential and commercial components of each scheme to finance the public infrastructure element.

The Panel has therefore made five recommendations (D1-5) targeted at the funding and subsidy of affordable housing by Government:

- Government should undertake a careful appraisal of the impact on development economics, viability and affordability, of rebalancing the current housing subsidy system in Jersey to allow for a higher level of capital subsidy.
- It should be ensured that rolling out change to capital subsidy opportunities is harmonised with changes to the definition of affordability and the cap on social rents. These initiatives need to go hand-in-hand and will require effective joint working amongst Government and key stakeholders.
- The Panel has also recommended that Government reviews the level of Andium's annual revenue return to Government in light of any proposed changes to social rent setting. Modelling work will be required by Andium and the Government of Jersey to examine whether removing or reducing the inflation index on the return will be sufficient of itself to secure Andium's continued business viability and for how long that reduction should persist.
- Government should promote further opportunities for the cross-subsidy of affordable housing by market housing or commercial development where realistic. For the avoidance of doubt, we do not advocate including market homes on sites zoned for affordable housing; that would compromise the operation of that important planning policy. We do, however, see merit in advocating a more pronounced role for Jersey Development Company and the potential cross-subsidising of affordable homes. Additionally, JDC and Andium Homes together could potentially adopt a partnership approach to many residential schemes, especially where cross-subsidy could deliver affordable homes.
- It is also our recommendation that Government should consider the release of Government-owned sites for affordable housing at less than their market worth. Any

subsidy thereby invested in schemes could be protected by means of a second charge on the resultant development schemes.

## E. Leadership, collaboration and partnership working

Our review has found that Government-owned sites already identified for new affordable housing take too long to come forward for development. The Panel believes that the Government of Jersey has an opportunity to lead by example and create a positive step-change in affordable housing production through timely release of these sites. However, the Island Public Estate Strategy lacks sufficient strategic detail on a plan for the timely release of Government-owned sites for affordable housing. It identifies this as an 'opportunity' but setting no specific objectives for achieving this and only refers to the development of asset management plans to determine how sites are used and to identify any other potential uses, such as affordable housing.

The Panel is pleased to note that a Political Oversight Group will provide strategic and political oversight of the development and delivery of the Housing Action Plan, including progress made towards achieving its objectives and outcomes.

The Panel also found that there is further scope and opportunity for joint ventures between various stakeholders in housing and property development to share expertise and deliver mixed, affordable housing developments moving forward. There is a desire to see the parishes have a more supported role in the delivery of affordable homes, as well as to see a more unified approach to the type of affordable housing product(s) available, including a level of consistency in the application of the qualifying criteria.

The Panel has therefore made five recommendations (E1-5) related to improving and enhancing leadership by Government, as well as aimed at promoting more collaboration and partnership working between Government, parishes, States-owned organisations and industry. Some of our recommendations include:

- Government should help facilitate the delivery of affordable housing by encouraging suitable developments to be delivered via joint delivery partners where appropriate, including, but not limited to: Andium Homes, Jersey Development Company, parishes, developers and constructors. Moving forward, it should be a key role of the Strategic Housing Partnership and Strategic Housing Regeneration Team to proactively facilitate this. The Government of Jersey should lead the way and this could include risk sharing partnerships on land promotion, including site remediation where appropriate.
- The Panel has also recommended that it should be part of the role of the Strategic Housing Regeneration Team to engage actively with parishes across Jersey in the pursuit of improving affordable housing supply. Parishes should also have representation in the Strategic Housing Partnership.
- Furthermore, parishes should be engaged to support any new affordable purchase product so there is a consistent approach to low-cost home ownership. This should not preclude allowing local connection criteria to be applied, although eligibility should be assessed based on the policy guidelines governing the Affordable Housing Gateway.

## F. Skills, capacity, resources and resilience

There is a real concern that the construction sectors in both the UK and Jersey are becoming stretched to capacity and increases in raw materials will be contributing to higher build costs, which in turn will have an effect on the viability of schemes but also the cost of new homes. Whilst it is hoped shortages in some building materials will be temporary, pressures on labour and materials will be a considerable ongoing challenge for the construction sector in Jersey which will need to be monitored closely over the coming months / year.

The Panel also found that Modern Methods of Construction (MMC) could be a useful tool to boost the supply of homes in Jersey. The main barrier is shipping and transportation costs. It is Jersey Construction Council's view that developing new supply chains to increase competition would enable MMC at larger scale, as would on-island assembly facilities for bathroom/kitchen pod production.

There is also a potential and credible risk that Government resources and other competing project priorities, such as the new hospital and office modernisation project, will hinder the timely release of Government-owned sites and, consequently, the delivery of affordable housing targets.

The Planning team within the Government of Jersey is considerably under-resourced, causing major issues with delays to approval of planning applications. Government has also previously lacked sufficient resourcing and expertise in strategic housing policy. The Panel is, however, pleased to note that an Interim Head of Strategic Housing and Regeneration has been appointed in September 2021. It is anticipated that ongoing recruitment for the newly formed Strategic Housing and Regeneration Team will be sufficient to meet requirements of leading and co-ordinating strategic housing policy initiatives within Government, although the intended size of the team is currently unknown.

The Panel has therefore made eight recommendations (F1-8) targeted at improvements which aim to strengthen Government resources and enhance skills, capacity and resilience across both Government and industry. Some of these recommendations include:

- In partnership with providers, constructors and construction-related consultants, Government should look to expand construction and development skills opportunities for young people and for existing workers in the industry. The aim of which will be to enhance the sector's potential and productivity.
- Suitable options for providing Government-led incentives should be considered to ease pressure on the construction sector and to ultimately help facilitate the development of more housing amidst various barriers the industry will inevitably face with labour/skills shortages, supply chain disruption and rising cost of building materials post-Brexit. Government should also lead research on the role of Modern Methods of Construction to help ease capacity pressures in the medium to longer term.
- Opportunities should be explored to fast-track the release of Government-owned land as swiftly as possible, mitigating, as far as possible the potential risk of other competing priorities and lack of resources from delaying the release of Government-owned sites.
- Government should identify the extent to which the planning team is short on personnel sufficient to support the planned increase in housing production. Once that shortfall is clarified, the Government of Jersey should develop a recruitment (and retention) strategy which aims to have planning (and housing enabling) staff classified within the definition of a key worker.



- The Government of Jersey should identify aspects of both the work of the planning team and the housing enabling team which could be turned into projects suitable for advancement with the help of external support. Obvious candidate activities include the formulation of development frameworks/briefs and the creation of a programme management tool for monitoring affordable housing production.
- A clear plan should be put in place to improve staff morale and retention levels across the civil service. Included in this plan, should be targeted policies for identifying key roles and attracting and retaining staff to these roles.

## G. Planning policy

Views were expressed to the Panel that current planning policy is not fit for purpose and the proposed new Bridging Island Plan will not adequately address some of the current longstanding planning policy issues.

It was found that whilst the Draft Bridging Island Plan 2022-25 does not propose setting a policy requirement for a percentage of affordable homes on new development sites, it is suggested that this could be a policy proposal included in the next longer-term Island Plan. The aspiration and focus of the shorter-term Bridging Island Plan is on delivering Government-owned sites for affordable housing.

The Draft Bridging Island Plan 2022-25 proposes the use of a Sustainable Communities Fund in preference to a policy requiring a certain percentage of affordable homes on new developments. The rationale provided for this is due to construction sector limitations and other wider ambitions of the Island Plan, such as increasing standards on thermal efficiency and amenity space etc. It was not deemed viable to implement both policies at the same time.

Views expressed to the Panel from the Jersey Construction Council were that a “must provide” requirement to deliver a proportion of affordable homes on all new residential development would have a detrimental impact on private sector development in the island.

The Panel notes that Andium Homes has presented evidence to the Draft Bridging Island Plan 2022-25 Examination in Public process which outlines the concerns of the local construction industry in relation to the proposed introduction of Passivhaus standards. The concerns raised confirmed Andium’s view that the introduction of Passivhaus would be premature and could have significant consequences which would adversely impact on the supply and delivery of homes during the period 2022-26 and beyond.

The Panel’s expert advisor’s, ARK, consider the Passivhaus standard for achieving energy efficiency and low carbon emission a “very prescriptive” approach and suggest other approaches such as the Scottish Government’s Energy Efficiency Standards in Social Housing 2 (EESH2) standard which offers more flexibility in its approach.

The Panel has therefore made eight recommendations (G1-8) targeted at planning policy. Some of these recommendations include:

- Introduction of a post-build log for new developments which assesses both the successes and challenges of delivering schemes according to planning requirements. The aim of this would be to ensure that planning policies are fit for purpose at a practical level during and once the schemes are developed, or if a policy needs re-visiting.



- Consideration should be given to how planning requirements for parking provision on new developments can be suitably relaxed with the aim of promoting better scheme viability. Consideration should be given to how this policy can be flexible to recognise demand for parking in town may be less than that of developments out of town. Moreover, it is important that planning policy of this nature suitably aligns with the Sustainable Transport Policy where the aim is to reduce vehicle usage.
- Notably, the proposal to introduce requirements for Passivhaus standards on new affordable homes and large development outside of the built-up area should be deferred until the next longer-term Island Plan. The aim of doing so would be to enable Andium Homes to run pilot schemes which conform to Passivhaus to test its suitability to Jersey. As part of this pilot scheme, consideration should be given to the suitability of other approaches, such as that used by the Scottish Government with the Energy Efficiency Standards in Social Housing 2.
- The Panel has recommended further investigation into whether build-to-rent would be a suitable development/investment model for Jersey to pursue and, if so, whether Government should incentivise and promote this model through planning policy.
- The Panel considers that the current policy position on the use of planning obligations to support affordable housing development should also be carefully reconsidered. This policy should encapsulate requirements for zoned land to remain in affordable housing use in the long term (or in perpetuity) and for larger market residential development sites to deliver a specified proportion of affordable homes from an agreed date and having taken on board the views of the construction sector in ensuring this is deliverable by such a date.

## H. Population policy and key workers

It is evident that a clear and consistent policy on net-inward migration and population control is integral to accurately estimating the supply of homes required, and in ensuring that numbers of net-inward migration do not outstrip the delivery of new homes. The planned assumption of 800 net-inward migration each year is considerably less than what has been permitted in previous years and therefore the successful delivery of the right number of homes will be contingent on the projected assumptions being accurate and strictly enforced.

Several submissions made to the Panel also emphasised that lack of decent, affordable housing is a significant issue for attracting and retaining key workers on island. The Government's aim is to support the delivery of 25 key workers homes each year until 2025.

The Panel has therefore made six recommendations (H1-6) aimed at:

- Ensuring a population policy is finalised without delay and consideration given to how the agreed policy will impact on current policies for new housing provision.
- Ensuring that a population policy links effectively with the definition of, and need for, key workers including additional housing development and planning personnel.
- The definition of key worker should be expanded to include vital roles in affordable housing development, planning and construction. The expanded definition of key worker would also need to be accompanied by an expansion in the amount of subsidised housing available for approved incoming key workers.

- The new population policy considers how workers and residents gain entitlement to more settled housing tenures, especially if they are in specific job roles which are critical to the economic and social well-being of the island, including production and management of affordable homes. In addition that key worker housing, is classified as 'affordable' for qualifying workers and managed in some form by the Government of Jersey or affordable housing providers (even if leased from private landlords or licensed in some way).
- Additionally, a 'rent-to-buy' offer should be developed by the end of 2022, which enables those workers to establish long-term roots in Jersey and means that those workers do not necessarily need to move in order to acquire their homes.

# Key Findings and Recommendations

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## A. Housing need and demand

**KEY FINDING A1:** It is apparent that the Affordable Housing Gateway eligibility criteria is too restrictive and prohibits legitimate access to individuals in need of social housing. There is, however, concern that widening the eligibility criteria without much-needed supply of housing will lead to longer wait times for those on the waiting list. Work is being undertaken by the Minister for Housing and Communities to consider expanding the criteria and it is pledged that this work will be complete and acted upon during 2021.

**KEY FINDING A2:** As well as demand for first time buyer properties, there is also increased demand for smaller homes for 'retirees' who feel there are no suitable options available on the market which would enable them to 'right-size' into from their larger homes. It is a policy intention of the Minister for Housing and Communities to encourage right-sizing whereby home-owners can move to a smaller, more appropriate home for their needs and, in doing so, release a larger family unit onto the market. However, some stakeholders expressed the view that the sites proposed in the Draft Bridging Island Plan to meet the Island's housing needs, are not reflective of local parish need.

**KEY FINDING A3:** It is acknowledged by the Minister for Housing and Communities and Government Officials that further qualitative work should be done to establish Islanders' changing property aspirations, particularly given that the pandemic is likely to have been a catalyst for changing Islander's aspirations and expectations regarding certain property types and features. This analysis will be important in order to keep pace with future housing demand.

**KEY FINDING A4:** The Draft Bridging Island Plan 2022-25 seeks to address concerns of an over-concentration of a particular type, size or tenure of housing and whilst there is a focus on flatted, high density development, policy H4 intends to address existing concerns of a high concentration of exclusively smaller bed size units, promoting a more diverse mix of occupants within the community.

**KEY FINDING A5:** Some stakeholder views expressed a lack of confidence in the Bridging Island Plan housing delivery targets being met over its lifespan. One housing provider expressed the view that whilst the affordable housing delivery target will likely be met, it is unlikely that 1,500 affordable homes is sufficient to meet demand.

**KEY FINDING A6:** Jersey Development Company recognises the need to encourage right-sizing options, as well as the role it can play in supporting this to provide a product that people may wish to right-size into. JDC acknowledge that this presents an opportunity if those people wish to live within St. Helier and the amenities it provides. Conversely, it may present a challenge if they have lived in other parishes and their desire is to remain within that community.

**KEY FINDING A7:** The evidence and views provided by some parishes does not appear to have been taken on board fully during the Draft Bridging Island Plan process, which has led to sites being proposed in the Plan which do not reflect evidenced local parish housing need. Sites suggested by some parishes have not been included in the Plan and there are also concerns that the sites which are proposed will not cater for the appropriate proportion and mix of housing by type, size and tenure.

**KEY FINDING A8:** Build-to-rent provides a potential opportunity and role for the private sector to assist in contributing to the delivery and supply of decent housing, and at scale. It differs from buy-to-let on the basis that it is built and designed specifically for tenants and offers the best design standards, facilitates placemaking and promotes better community living and facilities. It also offers prospective tenants better security of tenure than traditional buy-to-let. Further research will need to be undertaken to assess whether there is appetite for build-to-rent schemes, as well as how to ensure scheme viability.

**RECOMMENDATION A1:** The Objective Assessment of Housing Need (OAHN) which underpins the Draft Bridging Island Plan, should be built on and updated to develop a model to assess housing need and demand. The purpose of this is to provide a robust, shared and agreed evidence base for housing policy and land use planning.

The model should include a methodology for assessing housing affordability, critical to establishing the degree to which market housing offers an affordable option to residents. Once a measure of affordability is established, it will help to determine whether demand for housing is being met within the market and the extent of unmet need. This in turn enables the required housing supply target to be set including: the type of housing, the tenure that should be provided and the amount of affordable housing required.

This robust methodology would then form a consistent basis for regular (at least every 5 years) reviews of housing need and demand.

**RECOMMENDATION A2:** The Minister for Housing and Communities should, by January 2022, expedite amendments to policy guidelines for determining eligibility for social rent and affordable purchase properties. The outcomes of doing so should be used to review the mix of tenure for the affordable sites proposed within the Draft Bridging Island Plan to ensure that the mix is reflective of actual housing need.

**RECOMMENDATION A3:** The Minister for Housing and Communities should work with the Minister for the Environment to ensure that the policies contained within the Draft Bridging Island Plan are flexible to the types of homes built on the proposed sites and with suitable right-sizing options in mind. This should be done as part of the Examination in Public process of the Draft Island Plan and so that any identified issues with certain sites can be addressed prior to approval of the Island Plan in 2022.

**RECOMMENDATION A4:** The Minister for Housing and Communities should work with the Minister for the Environment to formulate a suitable contingency measure, should it be determined that the sites zoned for affordable housing will not deliver the required type and number of properties suitable for right-sizing. Consideration should be given to a reserve list of zoned sites for housing and/or Supplementary Planning Guidance which would facilitate the development of homes where it can be demonstrated there is a need for suitable right-sizing options which cannot be met from the agreed list of sites. This should be carried out without delay and in consultation with the Comité des Connétables, Andium Homes and other housing providers.

**RECOMMENDATION A5:** In order to effectively facilitate a downsizing / 'right-sizing' policy, the housing aspirations of older people need to be understood, including what specific features of new accommodation would motivate them to move and what incentives they would need. The Minister for Housing and Communities should ensure that a 'right-sizing' policy has clear

and measurable objectives and should be specific in its targeting to ensure that applicants meet the requirements of the Housing Gateway.

**RECOMMENDATION A6:** The Minister for Housing and Communities should ensure that, on a needs basis, there should be financial incentives for elderly people to encourage them to 'downsize' whether to buy or rent, as often they don't have the financial means that will enable them to move. This should not affect their rights to the Long Term Care scheme. Alternative property needs to be suitable. As people are living longer, so they can remain independent, the properties need to be affordable, safe, suitably sized, near shops/community venues/bus stops. Supplying quality, safe and affordable housing to the elderly will free up and make available their property to young families. This should be implemented before the end of 2022.

**RECOMMENDATION A7:** The Minister for the Housing and Communities should ensure that the housing needs of some younger cohorts (such as those with learning disabilities, who are homeless or young care leavers) with specialised housing requirements are understood more fully. This should lead to the setting of specific targets for appropriate types of housing based on up-to-date information on current and forecast need. This should be carried out before the end of 2022.

**RECOMMENDATION A8:** The Minister for Housing and Communities should ensure that data pertaining to the types of individuals accessing the Housing Advice Service is suitably, and anonymously, captured in order to help inform existing and future housing need (in conjunction with other modelling such as the OAHN). The Minister should work in collaboration with the Minister for the Environment to ensure that both existing and emerging housing need is promoted through planning policy and to help inform build programmes of affordable homes over the lifespan of the Bridging Island Plan and beyond.

**RECOMMENDATION A9:** The Minister for Housing and Communities should ensure that qualitative research is carried out to capture and identify and changing aspirations and expectations in housing demand. This should be incorporated into other workstreams contained within the Housing Action Plan with a suitable timeline provided.

**RECOMMENDATION A10:** The Council of Ministers should consider the appropriate use of fiscal levers such as tax incentives / disincentives to discourage properties lying vacant in the medium to long term. This should be considered and reported back to the States Assembly before the end of 2022.

## B. Housing affordability

**KEY FINDING B1:** The Council of Ministers is considering short term interventions to reduce competition in Jersey's home ownership market and address growing issues with housing affordability. It is the intention to ensure that any policy interventions are data led to ensure no unintended consequences for Jersey's Housing Market.

**KEY FINDING B2:** Action has been taken by the Minister for Housing and Communities to freeze social housing rents for 2022. Plans under Action 3D of the Housing Action Plan to address excessive rent rises in the private rented sector are not planned until towards the end of 2022.

**KEY FINDING B3:** The Dwelling-Houses (Rent Control) (Jersey) Law 1946 law makes provision for a constituted rent tribunal; however, such a tribunal no longer exists. It is thought

that this is due to tenants fearing repercussion from landlords for taking them to a tribunal. Moreover, the Law is outdated and requires updating to ensure it is fit for purpose. Notwithstanding this, the function of the rent tribunal is still available for reconstitution. The Minister for Housing and Communities has committed to looking into this as a priority and aims to provide certainty on this by the end of 2021 / Q1 2022.

**KEY FINDING B4:** The Government of Jersey's current definition of affordable housing outlines various criteria for defining both affordable rent and affordable purchase, however, it makes no mention of relating housing costs to income levels.

**KEY FINDING B5:** Some Islanders are of the view that the 90% of market rent policy is contributing to the inflation of private sector rents. Andium Homes does not believe this to be the case based on advice they have received from their economic advisors.

**KEY FINDING B6:** It is Andium Homes' view that charging less than 90% market rent for social housing will not directly impact the affordability of their homes for tenants on the basis of the role played by income support payments. 34% of Andium's tenants have their rent paid by income support and 60% have some level of payment from income support to cover their rent. These income support payments to Andium total £17m and are eventually paid back to Treasury when Andium make their £30m annual return to Government. This results in a £13m surplus being paid back on top of the income support payments.

**KEY FINDING B7:** House price rises have made it increasingly difficult for individuals and/or couples on a middle-income salary to purchase a 1-bedroom home and high rental costs make it impossible for them to be able to save for a deposit on a home. Scoping research into suitable affordable purchase products has begun and is anticipated will be delivered by Government by mid-2022, although the last update the Panel received was that this work was still in the scoping stage and had not yet been commissioned. It is therefore uncertain whether the target date of mid-2022 will be realised.

**KEY FINDING B8:** Jersey's highly competitive property market is creating a surge in pent-up demand which cannot keep pace with supply, leading to an overheated housing market with imbalanced supply and ultimately resulting in increasing property prices.

**KEY FINDING B9:** There is anecdotal evidence that suggests the demand for, and purchase of, buy-to-let properties by investors may be contributing to higher property prices, and also the availability of affordable properties for first time buyers. The Minister for Housing and Communities has committed to investigating the issue further with a view to addressing the issue with appropriate controls and conditions on buy-to-let purchases.

**KEY FINDING B10:** Jersey Development Company's view is that the opportunity to purchase should now be focused on the owner-occupier, as opposed to buy-to-let. In order to achieve this, there will need to be a reassessment of how developments can get past the pre-sale 'hurdle' as previously there has not been sufficient numbers of owner-occupiers coming forward to achieve the level of presale required to commence the build. It is only once developments are at the build stage that more owner-occupier sales are usually generated.

**KEY FINDING B11:** The scale and impact of High-Net-Worth individuals moving to the island and being able to own additional rental property under certain conditions is unknown, however, it is anecdotally thought to be having a detrimental effect on inflating housing market conditions. It is further unknown how the policy is being enforced and the Minister for Housing and Communities is in agreement that this should be looked at.

**KEY FINDING B12:** Jersey Development Company took the decision approximately 18 months ago to prevent any further sales to overseas purchasers. However, the common



structuring of their apartment developments tends to be via share transfer and whilst action can be taken to prevent that sale to foreign investors on the first transaction, onward transactions are then not preventable. The South Hill development and future JDC developments will, however, be structured as flying freeholds, meaning sales can only ever be made to residentially qualified individuals.

**RECOMMENDATION B1:** The Council of Ministers should report back to the States Assembly by January 2022 with a further update on progress on housing policy actions, including the possibility of re-establishing the rent tribunal process with the aim of providing some level of protection and recourse for tenants against excessive rent rises in the private sector whilst further protection measures are researched and considered.

**RECOMMENDATION B2:** The Minister for Housing and Communities should, by January 2022, revise the current definition of affordable housing to make provision for relating this to income levels.

**RECOMMENDATION B3:** As part of the proposed social rents policy review, the impact on tenants of their rents being set at, or increasing to 90% of market rent should be investigated. The review should also assess and report on, prior to the end of 2021, the ability of tenants to meet their living costs, the role played by income support and whether rents set at 90% of market rent discourages people from taking up employment opportunities.

**RECOMMENDATION B4:** The Minister for Housing and Communities should ensure that as part of the commissioned research into suitable affordable homeownership products, the affordability of low-cost home ownership products is assessed in line with recommendation two of this report. This can then be used to define the most appropriate low-cost home ownership product and whether the assisted purchase scheme needs to be updated.

**RECOMMENDATION B5:** The Minister for Housing and Communities should, as part of the consideration of suitable affordable home ownership products, consider varying the equity level being sold to target particular groups, such as key workers or specific income levels.

**RECOMMENDATION B6:** The Minister for Housing and Communities should ensure that investigation into the impact of buy-to-let properties on housing affordability and any suitable measures to restrict and/or control this purchase type, where and if appropriate to do so, should be a focus for the newly created Strategic Housing and Regeneration Team and that an update should be provided to the States Assembly on the outcome of this work by the end of Q1 2022.

**RECOMMENDATION B7:** The Council of Ministers should ensure that an assessment is carried out, before the end of Q2 2022, of the scale and impact the relaxation of the criteria contained within paragraph 121 of the Residential and Employment Status policy guidance (relating to ability for High-Net-Worth individuals moving to the island to be able to own their own main residence and additional property for rental investment under certain criteria) has had on housing market conditions. As part of this assessment, consideration should be given to revising the guidance to ensure that suitable policy levers are in place to prevent the possibility of this having an inflationary effect on rents and property prices.

**RECOMMENDATION B8:** The Council of Ministers should explore further the possibility of whether the sale of *existing* share transfer properties can be restricted. This should be investigated and reported back to the States Assembly before the end of Q1 2022.



## C. Land supply, promotion and 'housing enabling'

**KEY FINDING C1:** There are competing tensions between the need to build more affordable homes and where to locate them. It is recognised that land is in short supply, however there is also public concern for loss of green space and fears of 'urban sprawl'.

**KEY FINDING C2:** Planning policies are evolving to recognize the need to improve access to land with development potential. The re-zoning of sites to cater specifically for affordable housing development is not generally used in other jurisdictions such as the UK, however it is a useful policy tool, particularly when land is in short supply, such as is the case in Jersey.

**KEY FINDING C3:** Having land classified with a specific use such as affordable housing should create a natural cap on land value which is significantly below market residential development. This is due to the long-term restrictions on the tenure of the site. There is, however, a balance to be struck between the cost of re-zoned land for affordable housing and price secured by willing landowners. This balance can usually be achieved by permitting a reasonable uplift from existing use value which arrives at a 'benchmark land value' (BLV).

**KEY FINDING C4:** A total of 16 sites have been identified in the Draft Bridging Island Plan as suitable for re-zoning for affordable housing. There is, however, concern that the number of sites will diminish if various amendments to the Plan are successful in removing them from the Plan. Whilst it is acknowledged that there may be other amendments which are also successful in bringing additional sites forward, there is nonetheless a degree of risk that sites will be removed and the target delivery of homes will not be realised as anticipated.

**KEY FINDING C5:** It is unclear whether the Government of Jersey will be actively pursuing the option of purchasing of housing sites in order to enable and facilitate site assembly of viable affordable housing developments.

**KEY FINDING C6:** Land-banking is an issue which has existed for a number of years and is preventing the supply of new homes. Policy H5 of the Draft Bridging Island Plan 2022-25 states that where development on sites allocated for affordable housing has not come forward within three years of approval of the Island Plan it may be subject to compulsory purchase.

**RECOMMENDATION C1:** The Minister for the Environment should consider other process improvements to expedite planning applications for housing schemes, especially affordable housing. This should include a formally agreed pre-application process with appropriately set fees for applicants, in addition to other fast-tracking initiatives such as better use of permitted development rights and dedicated planning team members. The Minister should feedback to the Panel before the end of January 2022 regarding which options have been considered and will be taken forward with clear timescales of implementation provided.

**RECOMMENDATION C2:** The Council of Ministers should ensure that some follow-up study is carried out, with input from an experienced RICS accredited Jersey valuation practice before the end of Q2 2022, on establishing appropriate benchmark land value for sites zoned, or in some other way restricted, for affordable housing development. The output from this work should help to manage expectations on land price for all relevant parties and support the development economics of affordable housing schemes.

**RECOMMENDATION C3:** The Council of Ministers should outline whether it is the intention to seek the purchase of sites for site assembly of viable affordable housing developments.

This should be outlined in the Ministerial Response to this scrutiny report, along with i) a rationale of why, if it is not the intention or ii) an outline timeframe if it is the intention.

**RECOMMENDATION C4:** The Minister of Housing and Communities should advocate a strong role for what is described as ‘housing enabling’ within the function of the Strategic Housing and Regeneration Team. Active enabling will include a range of Government-led initiatives covered elsewhere in our recommendations; however, it also describes a practical level of support for delivery partners to bring schemes forward and an energetic programme management role. This will identify early blockages to progress with schemes and co-ordinate action across Government and with partners to get schemes back on track.

**RECOMMENDATION C5:** The Council of Ministers should seek to release identified sites in its ownership for affordable housing schemes before the end of Q2 2022. Consideration should be given to how disposal processes can be sped up in return for provider commitments on building out sites within an agreed period.

**RECOMMENDATION C6:** The Council of Ministers should ensure that identification and release of suitable Government-owned sites should be made available across all affordable housing providers where appropriate. Consultation should take place across all the affordable housing providers by January 2022 to understand their financial delivery models, varying affordable housing products and required site characteristics to enable informed decisions to be made in relation to meeting the development needs of the provider as well as the best, most efficient use of the sites following their release.

**RECOMMENDATION C7:** The Council of Ministers should consider whether, for some of the sites earmarked for affordable housing, Government could enter early disposal deals with providers which allow the providers to progress pre-contract development work and Jersey Property Holdings to continue in use of the existing buildings until an agreed contractual deadline.

**RECOMMENDATION C8:** Both the Minister for the Environment and the Minister for Housing and Communities should, as part of the new Strategic Housing Partnership, actively pursue ongoing discussions and consultation with the construction industry to establish what other policy mechanisms might be suitable for incentivising and actively encouraging private developers to develop and sell a proportion of homes as affordable units.

**RECOMMENDATION C9:** The Minister for the Environment should ensure that the suggested policy in the Draft Bridging Island Plan 2022-25 to impose a compulsory purchase ‘backstop’ on sites zoned for affordable housing is exercised, where required, to ensure as far as possible, that these sites are developed within a reasonable timeframe. In addition, that a broader policy should be developed regarding the use of compulsory purchase powers to support affordable housing development and area regeneration. This should be completed by the end of 2022.

**RECOMMENDATION C10:** The Council of Ministers should commit to an active land promotion function for affordable housing, potentially in partnership with Andium Homes and Jersey Development Company. The role and resourcing of this function should be scoped before the end of Q1 2022. The land promotion function should be long term and report on progress to the States Assembly on an annual basis.

**RECOMMENDATION C11:** The Council of Ministers should ensure that land promotion activity should exercise compulsory purchase in specific, but limited circumstances. It should

include positive land assembly work for sites in multiple or complex ownership and also site remediation where that would significantly enhance the developability of a brownfield site.

## D. Funding and subsidy of affordable homes

**KEY FINDING D1:** The £30m annual return made by Andium Homes to Treasury is not having a detrimental impact on Andium's ability to: develop affordable homes; meet their current business objectives; deliver a substantial number of homes; maintain their properties – all of which now meet the Decent Homes Standard. However, if they were able to retain the £13m surplus, and only return £17m to Treasury for the income support payments, this would enable Andium to substantially ramp up their current projected delivery targets for new homes.

**KEY FINDING D2:** It is asserted that in contrast to the previous grant system which saw a 'significant disinvestment in housing', the 90% of market rent policy has worked well to date in providing a suitable funding mechanism for investment in affordable housing. However, it is unknown whether the Government of Jersey will actively investigate and pursue an alternative option of a capital grant system.

**KEY FINDING D3:** The majority of affordable housing providers anticipate making contributions to the additional supply of affordable housing over the lifespan of the Bridging Island Plan. However, there is a lack of appropriate, available sites and reliance on limited commercial loans is hindering them from doing so. The release of suitable Government-owned sites across all affordable housing providers would help address this issue.

**KEY FINDING D4:** Jersey Development Company recognises the need to encourage and support first time buyer access to homeownership. JDC currently offers a staged payment arrangement for first time buyer deposits and is also looking at addressing the high level of presale requirements which enable them to commit to construction projects, as it is their view that if that were to be reduced, there would be more opportunity for JDC to focus solely on first-time buyers in relation to presales.

**KEY FINDING D5:** Purchasers need to qualify for affordable housing to purchase a shared equity property in the College Gardens Development. Provided these units are sold to another eligible first-time buyer, the Government's equity will remain in that unit. This would only not be the case in the event there are no eligible buyers from the Housing Gateway and that a mortgage provider required the sale of a unit(s) to be sold on the open market, to enable the mortgage to be repaid. It is not envisaged that this is likely to occur.

**KEY FINDING D6:** The proportion of affordable units provided for in Jersey Development Company's residential developments needs to factor in other requirements such as delivery of substantial public infrastructure and public realm within the development in order for development schemes to stack up financially. JDC intends to utilise the profits from the residential and commercial components of each scheme to finance the public infrastructure element.

**RECOMMENDATION D1:** The Council of Ministers should ensure that a careful appraisal is undertaken, before the end of Q1 2022, of the impact on development economics, viability and affordability, of rebalancing the current housing subsidy system in Jersey to allow for a higher level of capital subsidy. The whole of the business case for this change should feature in the appraisal, including the reduction in income support requirements. Should it be agreed that a system of capital grants be introduced for new affordable housing development,

especially for social rented homes, the system will need to be codified and include obligations on providers to meet certain standards for homes and their management when delivered with grant support. The system should include a mechanism for grants to be accounted for on provider's balance sheets as a contingent liability.

**RECOMMENDATION D2:** The Minister for Housing and Communities should ensure that rolling out change to capital subsidy opportunities is harmonised with changes to the definition of affordability and the cap on social rents. These initiatives need to go hand-in-hand and will require effective joint working amongst Government and key stakeholders.

**RECOMMENDATION D3:** The Council of Ministers should, by the end of Q1 2022, review the level of Andium's annual revenue return to Government in light of proposed changes to social rent setting. Modelling work will be required by Andium and the Government of Jersey to examine whether removing or reducing the inflation index on the return will be sufficient of itself to secure Andium's continued business viability and for how long that reduction should persist.

**RECOMMENDATION D4:** The Council of Ministers should consider the release of Government-owned sites for affordable housing at less than their market worth. Any subsidy thereby invested in schemes could be protected by means of a second charge on the resultant development schemes.

**RECOMMENDATION D5:** The Council of Ministers should, together with providers, promote further opportunities for the cross-subsidy of affordable housing by market housing or commercial development where realistic. For the avoidance of doubt, the Panel is not advocating including market homes on sites zoned for affordable housing; that would compromise the operation of that important planning policy. We do, however, see merit in advocating a more pronounced role for Jersey Development Company in the potential cross-subsidising of affordable homes. Additionally, JDC and Andium Homes together could potentially adopt a partnership approach to many residential schemes, especially where cross-subsidy could deliver affordable homes.

## E. Leadership, collaboration and partnership working

**KEY FINDING E1:** There is a degree of ambiguity regarding whether the Minister for Housing and Communities has accepted all the recommendations made in the Housing Policy Development Board report.

**KEY FINDING E2:** Sites already identified for new affordable housing take too long to come forward for development. The Government of Jersey has the opportunity to lead by example and create a positive step-change in affordable housing production.

**KEY FINDING E3:** The Island Public Estate Strategy, accepted as being a high-level strategy document, nevertheless lacks sufficient strategic detail on a plan for the timely release of Government-owned sites for affordable housing. It identifies this as an 'opportunity' but setting no specific objectives for achieving this and only refers to the development of asset management plans to determine how sites are used and to identify any other potential uses, such as affordable housing.

**KEY FINDING E4:** A Political Oversight Group will provide strategic and political oversight of the development and delivery of the Housing Action Plan, including progress made towards achieving its outcomes.

**KEY FINDING E5:** There is further scope and opportunity for joint ventures between various stakeholders in housing and property development to share expertise and deliver mixed, affordable housing developments moving forward.

**KEY FINDING E6:** Jersey Development Company currently has no plans to partner with any affordable housing providers on future developments, although is open to the prospect of this, provided the right balance can be found with its core regeneration role.

**KEY FINDING E7:** There is a desire to see the parishes have a more supported role in the delivery of affordable homes, as well as to see a more unified approach to the type of affordable housing product(s) available, including a level of consistency in the application of the qualifying criteria.

**KEY FINDING E8:** The Minister for the Environment has engaged with the parishes throughout the Draft Bridging Island Plan process *“to ensure they have had an active role and contribution to planning to meet the need for affordable homes, both at strategic and local level”*. However, at least two parishes have suggested that their submissions of evidence of the types of homes and sites required for the parish have not been taken on board and are not provided for in the proposed Plan.

**KEY FINDING E9:** The Minister for Housing and Communities is keen for parishes to play a range of roles in the provision of affordable homes. The Minister has suggested this might include: *“coordinating or sponsoring development of affordable homes; using Parish resources and networks to acquire or promote land for development; facilitating the input of local residents through surveys, Parish Assemblies and other mechanisms; and providing strategic local input to policy development and plan making”*.

**RECOMMENDATION E1:** For clarity, the Minister for Housing and Communities should publish, before the end of 2021, whether he ‘accepts, partially accepts or rejects’ each of the recommendations made by the Housing Policy Development Board including the timescales of implementation for each accepted recommendation. This would provide better clarity as to whether all of the recommendations will be actioned by Government.

**RECOMMENDATION E2:** The Minister for Housing and Communities and Government officials should engage with counterparts in other jurisdictions on a semi-regular basis to share and learn from other experiences in relation to housing supply strategy, including the successes, challenges and scope for opportunities.

**RECOMMENDATION E3:** The Minister for Housing and Communities should, before the end of Q1 2022, consider how Government can help facilitate large housing developments by encouraging suitable developments to be delivered via joint delivery partners where appropriate, including, but not limited to: Andium Homes, Jersey Development Company, parishes, developers and constructors. Moving forward, it should be a key role of the Strategic Housing Partnership and Strategic Housing Regeneration Team to proactively facilitate this. The Government of Jersey should lead the way and this could include risk sharing partnerships on land promotion, including site remediation where appropriate.

**RECOMMENDATION E4:** The Minister for Housing and Communities should ensure that from the outset of its formation, it should be part of the continued role of the Strategic Housing Regeneration Team to engage actively with parishes across Jersey in the pursuit of improving affordable housing supply. Parishes should also have representation in the Strategic Housing Partnership.



**RECOMMENDATION E5:** The Minister for Housing and Communities should ensure that the parishes are engaged to support any new affordable purchase product so there is a consistent approach to low-cost home ownership. This should not preclude allowing local connection criteria to be applied, although eligibility should be assessed based on the policy guidelines governing the Affordable Housing Gateway.

## F. Skills, capacity, resources and resilience

**KEY FINDING F1:** Fluctuating prices and inflationary pressures on building and construction materials and disruption to supply chains may inevitably have an adverse impact on pushing up higher build costs and ultimately the delivery of new housing developments.

**KEY FINDING F2:** The Government of Jersey is seeking to address the issue of skills development and concerns of capacity within the construction sector by working with industry partners as part of the newly formed Strategic Housing Partnership. Currently, Government supports skills development through provision of further education.

**KEY FINDING F3:** The construction sectors in both the UK and Jersey are becoming stretched to capacity and increases in raw materials will be contributing to higher build costs, which in turn will have an effect on the viability of schemes but also the cost of new homes. There are shortages in some building materials and whilst it is hoped this will be temporary, pressures on labour and materials will be a considerable ongoing challenge for the construction sector which will need to be monitored closely over the coming months / year.

**KEY FINDING F4:** There is a potential and credible risk that Government resources and other competing project priorities, such as the new hospital and office modernisation project will hinder the timely release of Government-owned sites and, consequently, the delivery of affordable housing targets.

**KEY FINDING F5:** There is an apparent disparity between the experience of Jersey Development Company, who do not appear to have experienced significant delays in the planning application process. This is in stark contrast to the experiences described by Andium Homes and the Jersey Construction Council who both have indicated that the planning team is considerably under-resourced, causing major issues with delays to approval of planning applications.

**KEY FINDING F6:** There is uncertainty as to whether the Government of Jersey will utilise outsourcing options for the production of development briefs in order to temporarily address resource constraints within the Planning team. Instead, it is commented that this option will be 'kept under review'.

**KEY FINDING F7:** An Interim Head of Strategic Housing and Regeneration has been appointed in September 2021. It is anticipated that ongoing recruitment for the newly formed Strategic Housing and Regeneration Team will be sufficient to meet requirements of leading and co-ordinating strategic housing policy initiatives within Government, although the intended size of the team is currently unknown.

**KEY FINDING F8:** Andium Homes is actively pursuing various innovative forms of modern methods of construction by trialling these on various development sites. To date, they have successfully trialled Insulated Concrete Forms and Hadley Steel Frames and are looking to trial other types on future, upcoming developments.

**KEY FINDING F9:** Modern Methods of Construction could be a useful tool to boost the supply of homes in Jersey. The main barrier is shipping and transportation costs. It is Jersey

Construction Council's view that developing new supply chains to increase competition would enable MMC at larger scale, as would on-island assembly facilities for bathroom/kitchen pod production.

**KEY FINDING F10:** A Modern Methods of Construction Political Working Group has been established by the Minister for Housing and Communities to prove the case for the opportunities provided by new, innovative technologies.

**RECOMMENDATION F1:** The Council of Ministers, in partnership with providers, constructors and construction-related consultants, should expand construction and development skills opportunities for young people and for existing workers in the industry. The aim of which will be to enhance the sector's potential and productivity. This should be prioritised and implemented in 2022 and continuing beyond 2022.

**RECOMMENDATION F2:** The Council of Ministers should consider suitable options for providing Government-led incentives to ease pressure on the construction sector and to ultimately help facilitate the development of more housing amidst various barriers the industry will inevitably face with labour/skills shortages, supply chain disruption and rising cost of building materials post-Brexit. This should be carried out before the end of Q2 2022.

**RECOMMENDATION F3:** The Council of Ministers should consider ways in which to mitigate, as far as possible, the potential risk of other competing priorities and lack of resources from delaying the release of Government-owned sites. Opportunities should be explored to fast-track the release of land as swiftly as possible and before the end of Q1 2022.

**RECOMMENDATION F4:** The Minister for the Environment, should ensure that the Government of Jersey identifies aspects of both the work of the planning team and the housing enabling team which could be turned into projects suitable for advancement with the help of external support. Obvious candidate activities include the formulation of development frameworks/briefs and the creation of a programme management tool for monitoring affordable housing production. This should be identified by January 2022, with a view to implementation within the first quarter of 2022.

**RECOMMENDATION F5:** The Minister for the Environment should ensure that, without delay, the production of development frameworks for larger affordable housing sites has dedicated resourcing and that the responsibility of overseeing the production of these frameworks should sit with a suitable senior civil servant within the planning team.

**RECOMMENDATION F6:** The Council of Ministers should, as an immediate priority, work in conjunction with the new Chief Executive on a plan to improve staff morale and retention levels across the civil service. Included in this plan, should be targeted policies for identifying key roles and attracting and retaining staff to these roles. This should be reported back to the States Assembly before the end of Q1 2022.

**RECOMMENDATION F7:** As an immediate priority, The Minister for the Environment should, identify the extent to which the planning team is short on personnel sufficient to support the planned increase in housing production. Once that shortfall is clarified, the Government of Jersey should develop a recruitment (and retention) strategy which aims to have planning (and housing enabling) staff classified within the definition of a key worker. This should be completed before the end of Q1 2022.



**RECOMMENDATION F8:** The Minister for Housing and Communities should ensure that Government leads research on the role of Modern Methods of Construction to help ease capacity pressures in the medium to longer term. It is further recommended that the priority for deploying MMC builds on Andium’s practical approach of utilising materials and methodologies which simplify the conventional construction process and improve thermal and environmental performance of buildings. We do though advocate careful consideration of the feasibility and potential benefits of off-site manufacture of building modules as a development step for Jersey’s adoption of MMC.

## G. Planning policy

**KEY FINDING G1:** It is the view of some stakeholders that current planning policy is not fit for purpose and the proposed new Bridging Island Plan will not adequately address some of the current longstanding policy issues.

**KEY FINDING G2:** Planning requirements for parking provision does not appear to be aligned with Sustainable Transport Policy where the aim is to reduce vehicle usage over time. In addition, developers, such as Andium Homes have clear evidence which shows that current provisions are often unnecessary according to the demand, particularly in town. This is an issue given that requirements for high parking ratios can make a development scheme unviable.

**KEY FINDING G3:** On the whole, developers do not appear to be able to access an adequate level of planning pre-application advice despite there being a willingness to pay an extra fee to receive a timelier service.

**KEY FINDING G4:** The Draft Bridging Island Plan 2022-25 does not propose setting a policy requirement for a percentage of affordable homes on new development sites. However, it is suggested that this could be a policy proposal in the next longer-term Island Plan. The aspiration and focus of the shorter-term Bridging Island Plan is on delivering Government-owned sites for affordable housing.

**KEY FINDING G5:** The Draft Bridging Island Plan 2022-25 proposes the use of a Sustainable Communities Fund in preference to a policy requiring a certain percentage of affordable homes on new developments. The rationale provided for this is due to construction sector limitations and other wider ambitions of the Island Plan, such as increasing standards on thermal efficiency and amenity space etc. It was not deemed viable to implement both policies at the same time.

**KEY FINDING G6:** Andium Homes would welcome planning policy setting out requirements for a proportion of affordable homes on new housing developments, however for it to be workable, they suggest that a suitable mechanism would need to be put in place to ensure that the proportion of affordable homes are sold to those who need them and so there is no scope for ‘profiteering’. In addition, the sales of those homes would need to ensure that they remain as an affordable unit for future onward sales.

**KEY FINDING G7:** The Jersey Construction Council consider that a policy setting out a “must provide” requirement to deliver a proportion of affordable homes on all new residential development would have a detrimental impact on private sector development in the island and it would favour an approach that more closely aligns the needs of the public with the resources of private sector developers and landowners.

**KEY FINDING G8:** The Draft Bridging Island Plan states a viability case assessment should be provided by developers where it is considered that conforming to Passivhaus standards will render a development unviable and that a reasoned justification must be provided. If accepted, the developer will be required to demonstrate how the building has been designed, as far as practicable, to achieve the highest possible standard towards reaching Passivhaus standard.

**KEY FINDING G9:** Andium Homes has presented evidence to the Draft Bridging Island Plan 2022-25 Examination in Public process which outlines the concerns of the local construction industry in relation to the proposed introduction of Passivhaus standards. The concerns raised confirmed Andium's view that the introduction of Passivhaus would be premature and could have significant consequences which would adversely impact on the supply and delivery of homes during the period 2022-26 and beyond.

**KEY FINDING G10:** Jersey Development Company are attempting to ensure that Passivhaus accreditation is achieved on the South Hill development, although it is not a certainty. It is unclear whether Policy ME2 of the Draft Island Plan, if adopted, would prescribe that both the Waterfront and South Hill developments will be required to meet Passivhaus standards as the land will no longer be Government-owned and the developments are not exclusively providing affordable homes.

**KEY FINDING G11:** Expert advisor's, ARK, consider the Passivhaus standard for achieving energy efficiency and low carbon emissions is "very prescriptive" approach relying heavily on airtightness of buildings and which not all occupants are comfortable with the home environment it creates. Instead, ARK suggests other approaches such as the Scottish Government's Energy Efficiency Standards in Social Housing 2 (ESSH2) standard which offers more flexibility in its approach.

**RECOMMENDATION G1:** The Minister for the Environment should, as part of the ongoing discussion around the proposed Bridging Island Plan, review the use of permitted development rights in relation to affordable housing production. The review should examine carefully relevant experience in other jurisdictions and the balance of advantages and disadvantages. This should also link to consideration of other planning process improvements.

**RECOMMENDATION G2:** The Minister for the Environment should ensure that a post-build evaluation process is put in place for all new developments. In consultation with industry, the Minister should consider the concept of a post-build log for new developments which assesses both the successes and challenges of delivering schemes according to planning requirements. The aim of this would be to ensure that planning policies are fit for purpose at a practical level during and once the schemes are developed, or if a policy needs re-visiting. The Minister should aim to implement this from the adoption of the Bridging Island Plan.

**RECOMMENDATION G3:** The Minister for the Environment should consider, in consultation with the Minister for Infrastructure and industry stakeholders, how planning requirements for parking provision on new developments can be suitably relaxed with the aim of promoting better scheme viability. Consideration should be given to how this policy can be flexible to recognise demand for parking in town may be less than that of developments out of town. Moreover, it is important that planning policy of this nature suitably aligns with the Sustainable Transport Policy where the aim is to reduce vehicle usage.

**RECOMMENDATION G4:** The Council of Ministers should respond to P.96/2021 before the debate setting out whether increasing the minimum percentages for the proportion of

affordable housing units within the South Hill and Waterfront developments from 15% to either 30% or 50%, is financially viable or not. The response should be backed up with clear evidence demonstrating the reasons for whether the schemes would be viable or not.

**RECOMMENDATION G5:** The Minister for the Environment should, in his Ministerial Response to this report, advise whether both the Waterfront and South Hill developments would be required under Policy ME2 of the Draft Island Plan to meet Passivhaus standards once the Plan is adopted.

**RECOMMENDATION G6:** The Minister for the Environment should defer the proposal to introduce requirements for Passivhaus standards on new affordable homes and large development outside of the built-up area until the next longer-term Island Plan. The aim of doing so would be to enable Andium Homes to run pilot schemes which conform to Passivhaus to test its suitability to Jersey. As part of this pilot scheme, consideration should be given to the suitability of other approaches, such as that used by the Scottish Government with the Energy Efficiency Standards in Social Housing 2. Being able to draw on suitable comparisons with other approaches will further aid in the process of testing both suitability and viability in the pilot period.

**RECOMMENDATION G7:** The Minister for the Environment, in conjunction with the Minister for Housing and Communities should investigate further whether build-to-rent is a suitable development/investment model for Jersey to pursue and if so whether Government should incentivise and promote this model through planning policy. This research should be carried out by Q2 2022 by the Strategic Housing and Regeneration Team and through consultation with the Strategic Housing Partnership and other key stakeholders. As a starting point, it should consider whether there is appetite for this type of development from both developers, investors, and prospective occupiers. Ministers should report back to the States Assembly with the outcome of this work before the new Government term.

**RECOMMENDATION G8:** The Minister for the Environment, should reconsider the current policy position on the use of planning obligations to support affordable housing development. This policy should encapsulate requirements for zoned land to remain in affordable housing use in the long term (or in perpetuity) and for larger market residential development sites to deliver a specified proportion of affordable homes from an agreed date and having taken on board the views of the construction sector in making this deliverable by this date. It is suggested that these policies are best expressed and implemented via supplementary planning guidance and supported by model clauses for planning agreements.

## H. Population policy and key workers

**KEY FINDING H1:** Lack of decent, affordable housing is a significant issue for attracting and retaining key workers on island. Andium Homes consider the swift release of suitable public-owned sites for key worker accommodation to be opportunities which cannot be missed. The Government of Jersey will be carrying out further work in early 2022 to define key worker status in relation to housing and the various conditions which will apply regarding residential status and employment related support or subsidy. The aim is to support the delivery of 25 key workers homes each year until 2025.

**KEY FINDING H2:** A clear and consistent policy on net-inward migration and population control is integral to accurately estimating the supply of homes required, and in ensuring that

numbers of net-inward migration do not outstrip the delivery of new homes. The planned assumption of 800 net-inward migration each year is considerably less than what has been permitted in previous years and therefore the successful delivery of the right number of homes will be contingent on the projected assumptions being accurate and strictly enforced.

**RECOMMENDATION H1:** The Council of Ministers should ensure that the new population policy links effectively with the definition of, and need for, key workers, including additional housing development and planning personnel. This should be published in the population policy.

**RECOMMENDATION H2:** The Minister for Housing and Communities should ensure that the new population policy considers how workers and residents gain entitlement to more settled housing tenures, especially if they are in specific job roles which are critical to the economic and social well-being of the island, including production and management of affordable homes.

**RECOMMENDATION H3:** The Minister for Housing and Communities should work towards an expansion of the definition of key workers to include vital roles in affordable housing development, planning and construction. The expanded definition of key workers needs to be accompanied by an expansion in the amount of subsidised housing available for approved incoming key workers. This should be continually considered over the lifespan of the Bridging Island Plan. This should be carried out without delay, ideally before the end of Q2 2022.

**RECOMMENDATION H4:** The Minister for Housing and Communities should ensure that moving forward, key worker housing, is classified as 'affordable' for qualifying workers and managed in some form by the Government of Jersey or affordable housing providers (even if leased from private landlords or licensed in some way).

**RECOMMENDATION H5:** The Minister for Housing and Communities should ensure that, for settled key workers in qualifying roles, a 'rent-to-buy' offer is developed by the end of 2022, which enables those workers to establish long-term roots in Jersey and means that those workers do not necessarily need to move in order to acquire their homes. It may be appropriate for the 'buy' option to be an affordable purchase basis and for there to be buy-back potential for an affordable housing provider or GoJ, to keep that housing in some form of affordable use in the long term.

**RECOMMENDATION H6:** The Council of Ministers should finalise the emerging policy on population and in-migration management without delay and, in so doing, ensure that a weather eye is retained on how the agreed policy will impact on current policies for new housing provision.

# 1 Introduction

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## Background and context

In September 2015, this Panel's predecessor the Environment, Housing and Technical Services (EHTS) Scrutiny Panel published its report – [S.R.5/2015 – Supply of Housing](#). The main finding of the previous Panel's review was that Jersey was still, in 2015, experiencing a severe shortage of housing across all categories of homes. Moreover, the current planning system and a number of the planning policies contained within the 2011 Island Plan were acting as a barrier to the provision of housing in Jersey. The EHTS Panel was hopeful that the issues and shortcomings identified within its report were to be addressed by the newly formed Strategic Housing Unit (SHU) within Government. However, it was stressed by the Panel that in order to ensure the effective delivery of the SHU's objectives it would be important that the Minister for Housing prioritised improving communication with key players of the housing industry and monitored appropriate manpower resources within the SHU.

The current Environment, Housing and Infrastructure Scrutiny Panel launched this review in May 2021 in response to growing concern that the issue of housing supply and affordability continues to not be adequately addressed by Government. In scoping its review, the Panel identified the following key issues:

- House prices are at an all-time high and without Government-led intervention, it has become apparent that housing is continuing to be increasingly unaffordable for Islanders.
- High land costs, as well as challenges and barriers to housing development are impacting on the ability to deliver affordable homes.
- There is a disconnect between planning policy and affordable housing policy and a lack of Government-led strategy generally, to effectively combat housing affordability.
- The target for the delivery of affordable homes is an ambitious one given the timespan of the Bridging Island Plan 2022-25
- Despite the fact that the Housing Land Availability and Site Assessment has determined there is capacity to cater for housing demand over the next 5 years, challenges nevertheless remain to ensure the complete delivery of affordable homes.
- Individual parishes across the Island have different models for the provision of first-time buyer homes, which often lacks clarity and consistency of policy approach.
- The Island Public Estate Strategy provides an opportunity to provide land for affordable homes, although the extent to which it will deliver on this is currently not definitive.

The Panel's full Terms of Reference for the review can be found in Appendix 1 of this report.

Subsequent to the Panel launching its review, in June 2021, the Minister for Housing and Communities published the '[Creating better homes: an action plan for housing](#)' which will hereafter be referred to in this report as the 'Housing Action Plan'.

## Review methodology

To inform the review, the Panel issued a call for evidence between May and June 2021, seeking the views of the general public and also wrote directly to targeted stakeholders for their views. A total of 48 submissions were received and can be viewed [here](#).

Public Hearings were also held with Andium Homes, Jersey Development Company, the Minister for the Environment and Minister for Housing and Communities in July 2021. The transcripts for these hearings can be viewed [here](#).

The Panel also wrote to the Minister for Infrastructure, Minister for Housing and Communities, Minister for the Environment and the Jersey Construction Council with additional written questions. The written responses to these questions are available to view [here](#).

The Panel's review has also been informed by the engagement of expert advisors [ARK Consultancy](#) who specialise in advising on many aspects of housing, including housing market functionality and assessment, housing policy and new homes development. ARK's advisory role was to provide expert knowledge and insight to assist the Panel in undertaking an in-depth examination of affordable housing supply and delivery in Jersey. ARK's final report can be found in Appendix 2 to this report.

## Report structure

**Chapter 2** of this report will explore the key issues surrounding housing affordability in Jersey, the types of housing required, as well as the Government's current definition of affordable housing.

**Chapter 3** will explore existing barriers to the supply and development of affordable homes, drawing on evidence received in the public hearings and in submissions made to the Panel by key stakeholders and members of the public.

**Chapter 4** will consider both existing and proposed Government strategies and policy, such as the Draft Bridging Island Plan; the Island Public Estate Strategy; and the Creating Better Homes Action Plan which are intended to address housing shortage and affordability in the short to medium term.

**Chapter 5** will investigate both the challenges and opportunities of delivering more affordable homes, including: the role of affordable housing providers and Jersey Development Company; overcoming construction sector constraints; modern methods of construction; use of compulsory purchase for potential housing sites; and other potential policy levers.



## 2 Housing need and affordability

### Housing need and affordability: the issue

In February 2021, the Annual Summary of the Jersey [House Price Index](#) for 2020 showed that on a calendar year basis:

- the Jersey House Price Index was 5% higher than in 2019
- all property types saw their average price increase
- all property types recorded their highest annual average price seen to date
- advertised private sector rental prices were 4% higher than in 2019.

Turnover of properties was 10% lower compared with 2019, due to decreased sales of flats (down by 19% on an annual basis). This decrease in flat sales was driven by a decrease in sales of newly built properties, with around 180 fewer sold in 2020 compared with 2019.

In August 2021, the Jersey [House Price Index](#) for the second quarter of 2021 was released. It showed that Jersey's House Price Index has been rising over the past five years with a considerably sharper increase in the last year.

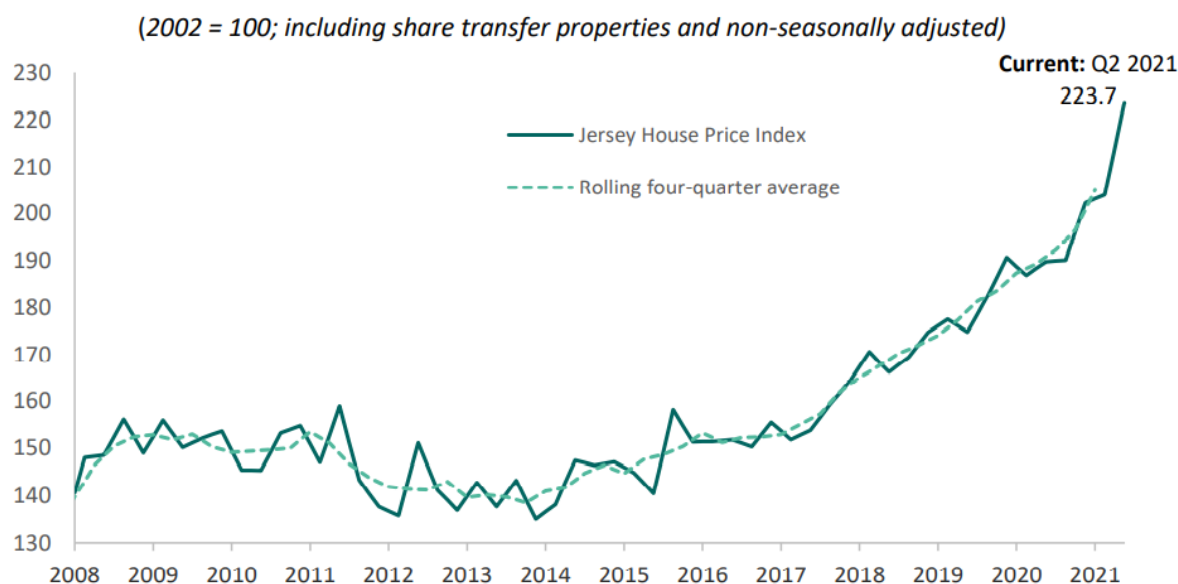


Figure 1 - Jersey House Price Index, Q1 2008 to Q2 2021

In the second quarter of 2021:

On a rolling four-quarter basis, the mix-adjusted average price of dwellings sold in Jersey during the year ending Q2 2021 was 4% higher when compared with the previous quarter (year ending Q1 2021).

On a quarterly basis:

- the seasonally adjusted mix-adjusted average price was 11% higher than in the previous quarter and 18% higher than in the corresponding quarter of 2020 (Q2 2020)
- all property types saw their mean price increase compared to the previous quarter



- a significant number of properties, compared to previous quarters, transacted for greater than £1,000,000, particularly 3- and 4-bedroom houses.

In addition, the turnover of properties was 134% higher than in Q2 2020 and 47% higher than in the previous quarter (Q1 2021). Overall housing market activity, on a rolling four-quarter basis, was 24% higher than in the previous quarter (Q1 2021) and 47% higher than in the corresponding quarter of 2020.

In terms of the rental sector, on a rolling four-quarter basis, advertised private sector rental prices were 1% higher during the year ending Q2 2021 compared with the year ending Q1 2021.<sup>1</sup>

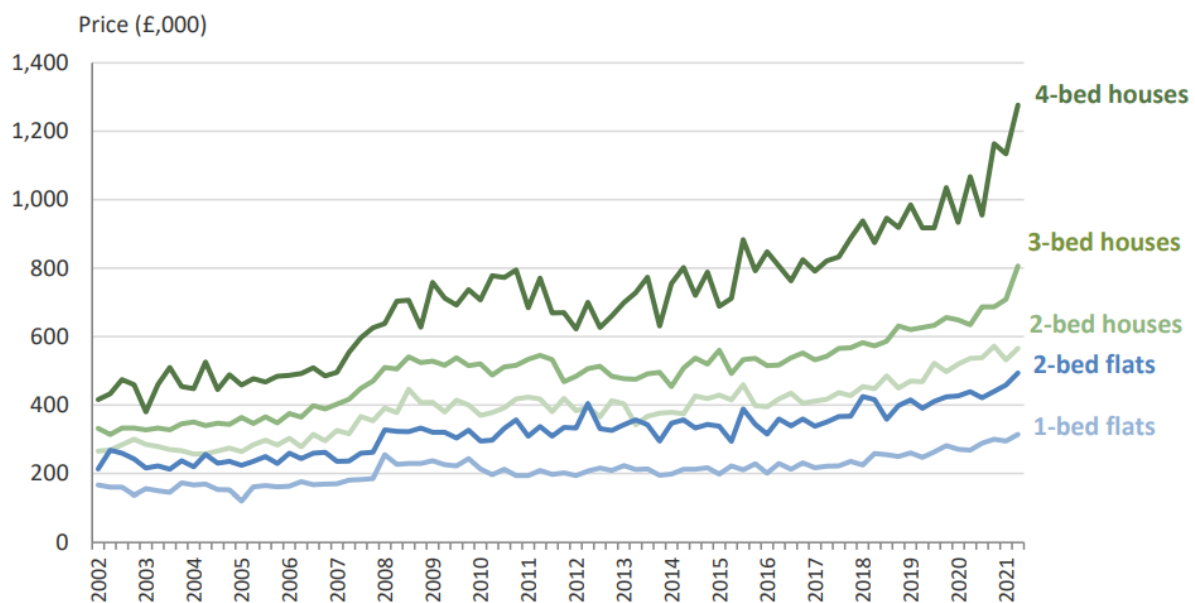


Figure 2 - Mean prices (£,000) for the individual property types, Q1 2002 to Q2 2021

The Panel is pleased to note that the Council of Ministers has acknowledged this sharp upturn in house prices in its progress report presented to the States on 30<sup>th</sup> September. The report explains that short term market interventions are in the process of being considered to reduce competition in Jersey’s home ownership market. The report further comments that any agreed policy interventions will be data led to ensure there is no unintended consequence to Jersey’s Housing Market. Such options “will include opportunities to strengthen funding options, utilize existing housing controls and appropriate regulatory controls, where required.”<sup>2</sup>

**KEY FINDING B1:** The Council of Ministers is considering short term interventions to reduce competition in Jersey’s home ownership market and address growing issues with housing affordability. It is the intention to ensure that any policy interventions are data led to ensure no unintended consequences for Jersey’s Housing Market.

Whilst the recent House Price Index shows rental prices were only 1% higher on a rolling four-month basis it is, nonetheless, a widely known issue that the cost of renting in Jersey has become increasingly unaffordable for many Islanders. The issue was highlighted in August

<sup>1</sup> [Statistics Jersey – House Price Index – Second Quarter 2021](#)

<sup>2</sup> [R.157/2021 – Action on housing: recent progress and Waterfront guidance](#)

2018 when an online petition was created by a concerned member of the public calling for a law to cap property rental prices. The petition gathered over 5,000 signatures and was subject to a States Assembly In-Committee debate in March 2019. In preparation for the debate, the Jersey Policy Forum (JPF) compiled a briefing report for States Members on Jersey's rental sector and issues with affordability. The report was informed by a roundtable discussion with key stakeholders, in addition to expert advice of a leading academic in housing economics, Professor Emeritus Christine Whitehead OBE. The summary of JPF's report confirmed that:

The lack of affordable rental accommodation in Jersey is a serious issue that affects the majority of low-income households and is also increasingly affecting higher income households living in all categories of rental accommodation. Moreover, that a critical problem exists with affordable housing supply in Jersey which needs to be addressed urgently.

The report suggested that increasing availability of social housing to the broader population would be worthwhile exploring for Jersey as this appears to have worked well for other jurisdictions. The provision of land, conversion of vacant buildings and planning permission for higher density housing are urgently needed. The report concluded that rent stabilisation (not rental caps in isolation) and a range of other regulatory and policy levers should be explored by Government to address housing affordability in the short to medium term.<sup>3</sup>

The Jersey Household Income and Distribution Survey 2014/15 report shows that since 2009/10, mean and median household incomes increased by less than inflation (as measured by the Retail Prices Index) and that the decrease in household incomes for certain groups was driven by:

- a reduction in employment income, particularly for those aged under 40 years and those in non-qualified accommodation, and
- an increase in housing costs for those in rental accommodation (particularly qualified and social rented accommodation).<sup>4</sup>

Since the publication of the Housing Action Plan in June 2021, the Minister for Housing and Communities has since taken steps to agree a 2022 'rent freeze' with Andium Homes and other social housing providers. It is noted that the Minister's immediate next steps are to establish a 'Fair Rents Plan' which will include new policy on the setting of social rents and the Affordable Housing Gateway. In terms of addressing excessive rent rises in the private rental sector, it is noted that this action (3D of the Housing Action Plan) is not due to be implemented until towards the end of 2022 whilst a review is undertaken to identify suitable measures for protecting private sector tenants from excessive rent rises.<sup>5</sup>

**KEY FINDING B2:** Action has been taken by the Minister for Housing and Communities to freeze social housing rents for 2022. Plans under Action 3D of the Housing Action Plan to address excessive rent rises in the private rented sector are not planned until towards the end of 2022.

In the public hearing with the Minister for Housing and Communities, the Panel sought to understand whether, given that the Dwelling-Houses (Rent Control) (Jersey) Law 1946 already provides for a rent control tribunal, such a tribunal could be reconstituted to provide

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<sup>3</sup> Jersey Policy Forum – E-petition briefing pack – rental cap law – March 2019

<sup>4</sup> [Jersey Household Income and Distribution Survey 2014/15](#)

<sup>5</sup> [R.157/2021 – Action on housing: recent progress and Waterfront guidance](#)

this protection whilst the review into rental price protections is carried out. The Minister advised the following:

***The Minister for Housing and Communities:***

*Yes, that law needs to be rewritten. The old Rent Tribunal, which has petered out, basically anyone could sit on it, the Rent Tribunal. It is not subject to the same rigours as other tribunals, other bodies that look at regulation and adjudicate on disputes. It is an old law, I think from the late 1940s. We have said it is not fit for purpose, we need to redraft that law. But that function that the old Rent Tribunal did should still be available and should be up and running. It might be in the form of an officer with support or almost like an ombudsman; it might be that. But that is also a priority that we are looking at right now, I think, again, to get certainty on by the very end of this year or quarter one next year. Yes, we want an alternative to that and we want an arbitration function as well but it needs to be fit for purpose and better than the current law.*

***The Connétable of St. Brelade:***

*Thank you. You do not know what the reason was for disbanding it, do you?*

***The Minister for Housing and Communities:***

*It was not working. Tenants, I think, were afraid to go to it in case there were repercussions with their landlord and that, I think, is one of the reasons why. I am not sure of the others, way before my time. Yes, it just sort of withered and died.<sup>6</sup>*

**KEY FINDING B3:** The Dwelling-Houses (Rent Control) (Jersey) Law 1946 law makes provision for a constituted rent tribunal; however, such a tribunal no longer exists. It is thought that this is due to tenants fearing repercussion from landlords for taking them to a tribunal. Moreover, the Law is outdated and requires updating to ensure it is fit for purpose. Notwithstanding this, the function of the rent tribunal is still available for reconstitution. The Minister for Housing and Communities has committed to looking into this as a priority and aims to provide certainty on this by the end of 2021 / Q1 2022.

**RECOMMENDATION B1:** The Council of Ministers should report back to the States Assembly by January 2022 with a further update on progress on housing policy actions, including the possibility of re-establishing the rent tribunal process with the aim of providing some level of protection and recourse for tenants against excessive rent rises in the private sector whilst further protection measures are researched and considered.

[The Objective Assessment of Housing Need](#) (OAHN), published in January 2019, makes clear that more housing is required in the coming years, regardless of migration, due to population trends such as increasing life expectancy and reductions in the average size of households. The report analyses the number of additional units that would be required under four population growth scenarios (net nil; +325; +700; and +1000) for the period 2021-2030. In addition to the housing requirement set out in the OAHN report, it is recognised that population growth over the previous Island Plan period (2011-2020) has been significantly higher than the anticipated additional 325 people a year, averaging around 1,000 people a year.

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<sup>6</sup> [Public hearing with the Minister for Housing and Communities, 27 July 2021, p. 13](#)

Statistics Jersey has estimated that, as a consequence of this, a net shortfall of 1,800 homes has arisen over the ten-year plan period (2011-2020). It is therefore possible that the remaining unsatisfied demand is contributing to the existing housing pressures experienced in Jersey and creating additional demand that should be reflected in the housing requirement. Modelling, undertaken using the same methodology as the OAHN, suggests that the projected near-term annual population increase of +800 per year would generate a need for an additional 6,100 homes over a ten-year plan period from 2021-2030. When this is considered together with the net shortfall of 1,800 homes from the last plan period, a net target of at least 7,900 homes is therefore considered as required up to 2030. The Government of Jersey asserts that whilst there is a clear need for the development of new homes, there is also the potential to make better use of the island's existing housing stock, mainly through providing incentives for 'right-sizing'.

**RECOMMENDATION A1:** The Objective Assessment of Housing Need (OAHN) which underpins the Draft Bridging Island Plan, should be built on and updated to develop a model to assess housing need and demand. The purpose of this is to provide a robust, shared and agreed evidence base for housing policy and land use planning.

The model should include a methodology for assessing housing affordability, critical to establishing the degree to which market housing offers an affordable option to residents. Once a measure of affordability is established, it will help to determine whether demand for housing is being met within the market and the extent of unmet need. This in turn enables the required housing supply target to be set including: the type of housing, the tenure that should be provided and the amount of affordable housing required.

This robust methodology would then form a consistent basis for regular (at least every 5 years) reviews of housing need and demand.

## The Housing Policy Development Board

The Housing Policy Development Board (HPDB) was established in April 2019 to examine the housing market in Jersey and to develop proposals to improve the supply, affordability, access to, and standard of housing in the island.

[The HPDB report](#) published on 19 April 2021 sets out 5 key housing challenges:

1. Affordability in Jersey
2. Current Barriers to Development
3. Housing Jersey's Ageing Population
4. Jersey's two-tier housing market
5. Housing's complex role within Jersey's wider economy

The HPDB report provides a number of recommendations to the Government of Jersey (GoJ) to achieving the suggested policy interventions. These are:

1. A GoJ estate strategy should be created which sets out how public land should be used for housing. The GoJ should also provide an overarching residential delivery and management strategy for GoJ-backed housing organisations such as Andium

- Homes and Jersey Development Company, which also encompasses its relationship with the housing trusts.
2. The GoJ and/or its delivery agents should borrow funds, underpinned by a cross-subsidy model, if necessary, to finance Policy Intervention S4, following appropriate modelling.
  3. The GoJ should use existing Compulsory Purchase powers to unlock sites for new development as part of Policy Intervention S4.
  4. A significant GoJ-backed development programme should be mobilised, following an appropriate feasibility study.
    - a. The GoJ should conduct a feasibility study and modelling on the required levels of additional housing delivered by GoJ. Delivery Agents should be engaged, and it should consider housing need on the Island, the 2021 Island Plan, the current development programmes of the GoJ's delivery agents, and the funding requirements of such a programme
    - b. The GoJ should establish an initial draft of its development programme showing consistent supply for the next ten years and engage with the construction market as part of a feasibility study into the increased housing delivery proposed in this report.
    - c. The GoJ should maintain, and modify if necessary, a single existing Affordable Ownership product which should be extended to Housing Trusts and should be formally constituted in legislation, to leverage the £10m of funding earmarked in the 2021 Consolidated Fund.
  5. A GoJ delivered personal support and advice service for 'rightsizers' should be introduced.
  6. Planning policy, including the 2021 Island Plan, should use expanded rezoning as a tool to help enable the delivery of priority housing tenures.
  7. Planning policy, including the 2021 Island Plan, should encourage the conversion of large, residential homes into multiple homes.
  8. Planning policy, including the 2021 Island Plan, should introduce an Affordable Housing Contribution to mandate a minimum proportion of new supply as affordable.
  9. Security of tenure and tenants' rights should be enhanced by reviewing, amending or creating new legislation and enforcing changes made through a resourced programme.
  10. Rent stabilisation legislation and a Rent Commission or Board to monitor and decide on annual rent increases should be introduced.
  11. The implementation of a reformed Gateway, as endorsed by the Minister for Children and Housing, should be approved as part of the wider policy package.

12. The existing '90%' social rents policy is considered too high and has potential adverse effects on tenants and the housing market. It should, therefore, be changed in order for social rents to be set and maintained at affordable levels for tenants, whilst taking account of the need to maintain a sustainable funding model for investment in social housing.

The Minister for Housing and Communities responded to the HPDB recommendations in June 2021 in the *Creating Better Homes: An Action Plan for Housing*. However, it is noted that there is a degree of ambiguity in the response as to whether the Minister accepts all of the Board's recommendations. The Panel questioned the Minister on this in the quarterly public hearing held in June 2021:

***The Connétable of St. Brelade:***

*Going back to the Housing Policy Development Board report now that it has been published, we saw that you had provided a response to the board's recommendations in the Housing action plan. Could you clarify whether you have accepted all the board's recommendations? It is not explicitly clear in your response whether you have or not.*

***The Minister for Housing and Communities:***

*Well, I think we have accepted all or most of those recommendations and that work has started, for instance, on the rent stabilisation. The point I was trying to make last week in the Assembly is that the policy report does not give me over ready policy to bring to the Assembly to seek approval for. It does ask me to research and review and work up the policy in line with what the recommendations are and that is what we are doing. I do not know if Sue can perhaps help me with whether we have accepted every recommendation or nearly all of them.*

***Director of Strategy and Innovation, Strategic Policy, Planning and Performance:***

*So the answer is at the end of the Better Homes report, all of the recommendations of the Housing Board have been written out with a comment about how the Creating better homes responds to it. So that is really the way the recommendations have been responded to and, as the Minister has just explained, it is the Housing Board paper was very high level and the recommendations were not necessarily in a position where you could, I suggest, say yes or no directly to it because in most areas they were asking for additional research to be done and that is what the Creating better homes plan is seeking to do, to do that extra research. So the themes of the report have pretty much been accepted but the actions in almost every area needs to be taken to the next level of detail and so that is what the Creating better homes plan is doing.<sup>7</sup>*

The Panel accepts the high-level nature of some of the HPDB's recommendations, however it is our view that the response could have been more explicit in stating whether the Minister agrees to action all of the recommendations and to what timescale, even if the commitment is to action further research or not. The Government of Jersey website specifies that "Government is taking forward several of the Board's proposals, principally through the Government Plan and Island Plan frameworks."<sup>8</sup> This implies that not all of the recommendations are being taken forward and, if the case, it needs to be made clear which are not and reasons given.

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<sup>7</sup> [Quarterly Public Hearing with the Minister for Housing and Communities – 15 June 2021](#)

<sup>8</sup> [Housing Policy Development Board, Government of Jersey website, accessed September 2021.](#)



**KEY FINDING E1:** There is a degree of ambiguity regarding whether the Minister for Housing and Communities has accepted all the recommendations made in the Housing Policy Development Board report.

**RECOMMENDATION E1:** For clarity, the Minister for Housing and Communities should publish, before the end of 2021, whether he ‘accepts, partially accepts or rejects’ each of the recommendations made by the Housing Policy Development Board including the timescales of implementation for each accepted recommendation. This would provide better clarity as to whether all of the recommendations will be actioned by Government.

## Definition of affordable housing

Historically, Jersey’s definition of affordable housing has been determined by the Island Plan, which distinguishes between ‘affordable’ (Category A) and ‘market’ (Category B) housing. However, the Island Plan was last published in 2011 and key structures, such as the Affordable Housing Gateway, which determines who is eligible for affordable housing; as well as Andium Homes which allocates and delivers affordable housing, were both not in place at this time.

By law, the Island Plan must reference the legal definition of affordable housing, as set out in [The Planning and Building Law \(2002\)](#). Article 4 (4) of the Law describes how land is to be designated for particular development or use by the Minister of the Environment, which may include designations for:

*“..... residential accommodation, whether it be accommodation for renting or accommodation for purchase, for persons who would otherwise have financial difficulties renting or acquiring residential accommodation in the general market for residential accommodation prevailing in Jersey”.*

The table below sets out GoJ’s current, general definition of affordable housing, in addition to the definitions of the two categories of affordable housing:

<h2>Affordable Housing</h2>	
<b>General Definition</b>	<ul style="list-style-type: none"> <li>▪ Residential accommodation for renting or for purchase by persons who would otherwise have financial difficulties renting or acquiring residential accommodation in the general market.</li> <li>▪ Affordable housing is only available for sale or rent to eligible persons who have met the criteria for renting social housing or making an assisted purchase (whichever is applicable) following a formal application process.<sup>9</sup></li> <li>▪ Affordable housing is offered for sale or rent through approved housing providers - who provide homes to eligible persons by means of sale or lease.</li> </ul>

<sup>9</sup> The Customer and Local Services Department administers the application process for renting social housing and Andium administers the process for assisted purchase. Both policies are owned by the Minister for Housing and Communities.

		<ul style="list-style-type: none"> <li>Affordable housing must be leased or sold on such conditions to ensure that the property remains available to other eligible households in the future.</li> <li>Affordable housing must be built to meet or exceed the space standards for homes set out in planning guidance.</li> </ul>
	Rental Definition	<ul style="list-style-type: none"> <li>Affordable accommodation offered for rent should comply with the general definition of affordable housing.</li> <li>The rent set must adhere to the prevailing States of Jersey rent policy for social housing properties<sup>10</sup>.</li> <li>Accommodation is only available to eligible persons as set out in the <a href="#">Eligibility Criteria for Renting Social Housing</a>.</li> <li>Accommodation must be from an approved social housing provider as set out in Appendix II of the Eligibility Criteria for Renting Social Housing.</li> </ul>
	Purchase Definition	<ul style="list-style-type: none"> <li>Affordable accommodation offered for purchase should comply with the general definition of affordable housing.</li> <li>Accommodation for purchase is only available to eligible persons as set out in the Government's policy for <a href="#">Assisted Home Ownership Schemes</a>.</li> <li>Accommodation offered for purchase should remain at an affordable price for future eligible households.</li> <li>Affordable accommodation for purchase must be provided through a scheme that has been approved, in writing, by the Minister for Housing and Communities. The scheme must include details of the mechanism to restrict in perpetuity the ownership of the affordable accommodation to eligible persons.</li> <li>Accommodation for purchase must be from an approved supplier<sup>11</sup>.</li> </ul>

Figure 3 – Government of Jersey - Definition of Affordable Housing - April 2021

<sup>10</sup> [P.33/2013](#) sets out the current social rents policy.

<sup>11</sup> Approved suppliers are Andium, Jersey Development Company (JDC) and the Housing Trusts.

Several submissions made to the Panel expressed the view that ‘affordable housing’ is not deemed affordable to many Islanders.<sup>12</sup>

In their report, ARK Consultancy further comment that:

*GoJ publishes a specific definition of affordable housing. This requires that affordable rental or purchase homes should meet States of Jersey policies on, for example, rent setting and meet specific eligibility criteria which protects social housing use in the long-term. However, it makes no mention of relating housing costs to income levels.*

In July 2020, the UK Affordable Housing Commission published a report which made a number of recommendations to UK Government with the goal of making housing affordable again. One of these recommendations was to adopt a new definition and measures of housing affordability, which relate to people’s income and circumstances.<sup>13</sup>

**KEY FINDING B4:** The Government of Jersey’s current definition of affordable housing outlines various criteria for defining both affordable rent and affordable purchase, however, it makes no mention of relating housing costs to income levels.

**RECOMMENDATION B2:** The Minister for Housing and Communities should, by January 2022, revise the current definition of affordable housing to make provision for relating this to income levels.

## Affordable Housing Gateway - eligibility criteria

Views were expressed in some written submissions to the Panel that the Affordable Housing Gateway eligibility criteria is too strict and is preventing some individuals from accessing affordable housing, therefore masking true housing need.<sup>14</sup>

In 2018, the Government of Jersey commissioned an independent review of access to social housing. The report, which was published in April 2019, concluded that the existing eligibility criteria was too restrictive and not in line with policies in other countries. Moreover, that it was unusual to have such strict age restrictions on access to social housing. The report acknowledged, however, that extending the eligibility criteria could have implications for the availability of social rented property. Specifically, that changes to the eligibility criteria could significantly increase the number of households on the waiting list without a similar level of increase in housing supply, therefore resulting in a larger queue for social housing. The report suggested that a modelling exercise be undertaken in the first instance to measure the possible impact of expanding the eligibility criteria.<sup>15</sup>

The Panel notes that Action 3B of the Housing Action Plan pledges to consider the possibility of extending eligibility criteria to grant wider access to the Gateway:

...The independent review identified a need to review the strict eligibility criteria for social rented housing and the Minister has commissioned further work, which is underway, to consider the possible expansion of these criteria to allow wider access

<sup>12</sup> [Written submissions available to view online at statesassembly.gov.je](#)

<sup>13</sup> UK Affordable Housing Commission - [Making Housing Affordable Again – final report](#), July 2020

<sup>14</sup> [Written submissions available to view online at statesassembly.gov.je](#)

<sup>15</sup> [Independent Review of Access to Social Housing in Jersey – April 2019](#)

to social housing. This review will be completed and acted upon during 2021 and the agreed actions will be set out in the Fair Rents Plan.<sup>16</sup>

The Panel considers it imperative that this work is completed as a matter of urgency so that any potential impact of widening the eligibility criteria can be accommodated by the proposed supply levels of affordable housing within the Draft Bridging Island Plan.

**KEY FINDING A1:** It is apparent that the Affordable Housing Gateway eligibility criteria is too restrictive and prohibits legitimate access to individuals in need of social housing. There is, however, concern that widening the eligibility criteria without much-needed supply of housing will lead to longer wait times for those on the waiting list. Work is being undertaken by the Minister for Housing and Communities to consider expanding the criteria and it is pledged that this work will be complete and acted upon during 2021.

**RECOMMENDATION A2:** The Minister for Housing and Communities should, by January 2022, expedite amendments to policy guidelines for determining eligibility for social rent and affordable purchase properties. The outcomes of doing so should be used to review the mix of tenure for the affordable sites proposed within the Draft Bridging Island Plan to ensure that the mix is reflective of actual housing need.

## 90% of market social-rent policy

Submissions made to the Panel commented that charging up to 90% of market rent was not an affordable target rent level for social housing. Some commented that the introduction of the policy had inadvertently led to the inflation of private sector rentals.

In the public hearing with Andium Homes, the Panel asked whether they felt this was the case. The response was as follows:

**Chief Executive, Andium Homes:**

*Yes, you hear that quite a lot. When you speak to the economists, et cetera, that we have spoken to they say that it does not, in terms of the number of homes that Andium has as a percentage of the actual whole market. But you are right, you do hear that quite a bit. But the advisers tell us that is not the case.<sup>17</sup>*

**KEY FINDING B5:** Some Islanders are of the view that the 90% of market rent policy is contributing to the inflation of private sector rents. Andium Homes does not believe this to be the case based on advice they have received from their economic advisors.

The Panel questioned Andium's Chief Executive further on whether it was thought charging up to 90% of market rent was affordable for tenants:

**The Connétable of St. Brelade:**

*... I am going to go to the much-discussed subject of the 90 per cent market rent policy for Andium Homes and is it affordable for tenants, is the question?*

**Chief Executive, Andium Homes:**

<sup>16</sup> [Creating better homes: an action plan for housing in Jersey \[R.98/2021\] - June 2021](#)

<sup>17</sup> [Public Hearing with Andium Homes, 28 July 2021, p.12](#)

*What I would say is, when we talk about 90 per cent is of course the 90 per cent rents policy is a States-rents policy, it was approved by the States Assembly and of course it will be for the Assembly to decide what it should be. I think - this is quite a long answer - 90 per cent or 80 per cent rents will be no more affordable than 90 per cent. What we have got to consider is, is the role of the income support scheme in making what is effectively a home affordable. 34 per cent of our tenants pay no rent at all, so their entire rent is covered by the housing component of income support. 60 per cent of our tenants are in receipt of income support and the cost of the housing component is £17 million.<sup>18</sup> This is a really important point, is that Andium returns to the States £30 million.<sup>19</sup> So the £17 million that our tenants receive in the housing component in income support is returned. This is the sum of money that effectively goes round in a circle. We are not receiving that money, we are effectively paying it back. But on top of that, there is another £13 million that we are returning to the States of Jersey, which is real money, it is money that is coming from the rents we receive from our tenants. So for Andium, 60 per cent of its income is returned to the States of Jersey to the Treasury. There is a lot of comment, especially in social media, that says Andium is bankrolled by the income support scheme. It is not. It is not. It is not. What we have got to decide upon as an Island is that for Andium to effectively house 4,600 tenants, so that is 10,000 people in our homes, to maintain to them, to deliver more homes, we have to have sufficient income. At the moment, even after losing 60 per cent of our income, we have sufficient to maintain our homes, we are able to borrow money to deliver the much-needed homes that people need and service that interest and the capital repayment. As an example, we have already paid back £60 million of the bond that we secured from the States of Jersey and we paid £40 million in interest.*

*That is £100 million that we have paid out of our income. The 90 per cent rent, and the discussions to be had about it, cannot be had, in our opinion, without a discussion about the return that we make to the States of Jersey. What we would say as well at the moment is the income support scheme, as currently set up, is effectively saying to the 40 per cent of our tenants who are not in receipt of the housing component that the income that they currently have is sufficient. I think that is the debate we need to have. Is it sufficient? How many people are in rental stress? If we are going to move from 90 per cent, and I understand the desire to do that ... if it was 80 per cent we have to look at whether 80 per cent is indeed any more affordable and in deciding that you have got to review, in our opinion, your income support scheme. You have to do a social impact assessment to see whether the income support system, as currently constructed, is able to support people to meet their housing costs. But I cannot emphasise too strongly that the discussion in reducing those rents has to be in collaboration with obviously Andium and the other providers, but it has to talk about the return that we make. It is huge. It is massive.<sup>20</sup>*

**KEY FINDING B6:** It is Andium Homes' view that charging less than 90% market rent for social housing will not directly impact the affordability of their homes for tenants on the basis of the role played by income support payments. 34% of Andium's tenants have their rent paid by income support and 60% have some level of payment from income support to cover their rent. These income support payments to Andium total £17m and are eventually paid back to Treasury when Andium make their £30m annual return to Government. This results in a £13m surplus being paid back on top of the income support payments.

The Panel wished to understand further what impact the £30 million annual return made by Andium Homes to Treasury had on their ability to develop more affordable homes:

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<sup>18</sup> On an annual basis

<sup>19</sup> On an annual basis

<sup>20</sup> [Public Hearing with Andium Homes, 28 July 2021, p. 10-11](#)

**The Connétable of St. Brelade:**

*How does the £30 million annual return made to the Treasury impact on you on being able to carry out your role as an affordable house developer, would you say?*

**Chief Executive, Andium Homes:**

*The financial model that we effectively created when we were set up took into account of course the £30 million and the fact that it increased with the cost of living.<sup>21</sup> So therefore we have come forward with our programme and we are able to deliver on it. Clearly our ability to do more would be enhanced by the fact if we were able to hold on to one could say the net, the £13 million (a) we could do more, (b) we could potentially reduce the rents for our current tenants. In terms of a constraint linked to the 90 per cent rents policy, no. In terms of we are meeting our business plan objectives, the requirements of Government, and we are delivering a substantial number of homes, and we are maintaining our existing stock, having brought it up to beyond the decent homes standard. But we could do more. I think, what we just want to make sure when we are having the conversation about the 90 per cent, is when you tinker with the 90 per cent, which we do understand, you have to link it to that return. If you do not that has an accumulative effect on our ability to borrow money and our ability to deliver the homes that Jersey desperately needs.*

**The Connétable of St. Brelade:**

*I deduce you would like to see a review of the funding regime that we have at present; am I correct in that?*

**Chief Executive, Andium Homes:**

*Yes, but we are also realistic. There are many demands on Government. We are in a pandemic, having been through that and coming through it hopefully, there are other demands on the Treasury. Yes, I think the elephant in the room, so to speak, has always been the return. It dwarfs any other payment made by any other incorporated body, I think, combined. It is huge.<sup>22</sup>*

**KEY FINDING D1:** The £30m annual return made by Andium Homes to Treasury is not having a detrimental impact on Andium’s ability to: develop affordable homes; meet their current business objectives; deliver a substantial number of homes; maintain their properties – all of which now meet the Decent Homes Standard. However, if they were able to retain the £13m surplus, and only return £17m to Treasury for the income support payments, this would enable Andium to substantially ramp up their current projected delivery targets for new homes.

Action 3A of the Housing Action Plan commits to a review being undertaken of the 90% social rent policy and during the public hearing with the Minister for Housing and Communities, the Panel sought to understand the specific terms of reference which would be explored. The Panel was advised that the review was already underway, and the review’s terms of reference was as follows:

**Head of Policy, Strategic Policy, Planning and Performance:**

*... You asked about terms of reference, and we are trying to do a broad review looking at the way both in which the impact on the tenants, the impact on Government, the impact on Andium and the other housing trusts and looking at the level of debt, the level of quality of housing, to make sure that when we offer options to the Ministers and to the States Assembly that all the*

<sup>21</sup> Annually

<sup>22</sup> [Public Hearing with Andium Homes, 28 July 2021, p. 14](#)



*consequences of different actions have been taken into account. That is where we are at the minute. We are right in the middle of that detailed work with Andium on getting those figures, getting information from the other housing trusts so that we can put together a package of options and consequences to let people know.<sup>23</sup>*

The Supply of Housing Scrutiny Review carried out in 2015 found that concerns raised about the 90% market rent policy provided justification for further monitoring of the policy to ensure that it did not negatively impact on either the supply or the affordability of homes. The report recommended that a review be undertaken of the impact of the policy on affordable housing tenants and reported back to the States Assembly by March 2016.<sup>24</sup> The Panel is therefore disappointed that this review is only now being undertaken, six years on from our predecessor Panel's report.

The Panel's advisor questioned whether Government could examine the viability of reducing rent setting on newly developed homes, to provide some initial capital grant funding as part of the overall financing solution for the new affordable housing schemes. The Head of Policy for the Strategic Policy, Planning and Performance Department responded as follows:

**Head of Policy, Strategic Policy, Planning and Performance:**

*... The capital grant thing is very much a question of the States decision as to how to fund housing. So prior to Andium homes existing and prior to the current policy, there was a grant - it was more of a capital grant system in place - which had led to a significant disinvestment in housing. That led to the political move to the current system whereby the income from rents is ring-fenced in a specific way, obviously quite unique to Jersey but it is there ring-fenced. Therefore Andium has access to its income and it has access to a significant Government-led loan, and it is now able to borrow on the market as well so that it is able to produce its own financing, which is based on the rent model. So again if we change the rent model, their ability to raise finance might be changed if the rent role was less. But you are right, if the Government was to provide capital funding then they would need the loans because they would be getting it from the Government, then the Government has many other things that it is being asked to pay for at the minute. The Andium loan is the first great big borrowing, the Minister will correct me on this.*

*I think Andium was the first time the Government did a large kind of borrowing loan system and since then obviously there is now talk about a new hospital and stuff like that. That is the political decision as to how Ministers and Assembly Members will want to raise money in the future. But the Andium model is seen as quite robust because the money sits with Andium and they have that money to invest into housing. As loans get repaid, that will be a very strong model for Andium in terms of the future. They have a very heavy debt burden at the minute but that will obviously reduce over the years.<sup>25</sup>*

**KEY FINDING D2:** It is asserted that in contrast to the previous grant system which saw a 'significant disinvestment in housing', the 90% of market rent policy has worked well to date in providing a suitable funding mechanism for investment in affordable housing. However, it is unknown whether the Government of Jersey will actively investigate and pursue an alternative option of a capital grant system.

The Panel's expert advisors, ARK Consultancy, commented in their report that the recognised definition of an 'affordable rent' in England is 80% of the market level; and social rents tend to average about 65% of market rent in England (and are considerably lower than that in

<sup>23</sup> [Public hearing with the Minister for Housing and Communities, 27 July 2021, p. 7](#)

<sup>24</sup> [S.R.5/2015 – Supply of Housing Scrutiny Review](#)

<sup>25</sup> [Public hearing with the Minister for Housing and Communities, 27 July 2021, p. 9](#)

expensive localities). In contrast, Jersey's revenue-based subsidy system is bolstered by reliance on high rents for social rented housing. In ARK's view, the target for social rent setting of up to 90% of market rent is too high. Acknowledging that if social rents are contained at a lower level, revenue and therefore revenue subsidy levels will be lower, ARK advocates the necessity for more capital grant funding, or other forms of capital subsidy to be made available by Government and in order to achieve viability for new housing schemes.

**RECOMMENDATION B3:** As part of the proposed social rents policy review, the impact on tenants of their rents being set at, or increasing to 90% of market rent should be investigated. The review should also assess and report on, prior to the end of 2021, the ability of tenants to meet their living costs, the role played by income support and whether rents set at 90% of market rent discourages people from taking up employment opportunities.

**RECOMMENDATION D1:** The Council of Ministers should ensure that a careful appraisal is undertaken, before the end of Q1 2022, of the impact on development economics, viability and affordability, of rebalancing the current housing subsidy system in Jersey to allow for a higher level of capital subsidy. The whole of the business case for this change should feature in the appraisal, including the reduction in income support requirements. Should it be agreed that a system of capital grants be introduced for new affordable housing development, especially for social rented homes, the system will need to be codified and include obligations on providers to meet certain standards for homes and their management when delivered with grant support. The system should include a mechanism for grants to be accounted for on provider's balance sheets as a contingent liability.

**RECOMMENDATION D2:** The Minister for Housing and Communities should ensure that rolling out change to capital subsidy opportunities is harmonised with changes to the definition of affordability and the cap on social rents. These initiatives need to go hand-in-hand and will require effective joint working amongst Government and key stakeholders.

**RECOMMENDATION D3:** The Council of Ministers should, by the end of Q1 2022, review the level of Andium's annual revenue return to Government in light of proposed changes to social rent setting. Modelling work will be required by Andium and the Government of Jersey to examine whether removing or reducing the inflation index on the return will be sufficient of itself to secure Andium's continued business viability and for how long that reduction should persist.

## Key worker accommodation

Several submissions<sup>26</sup> made to the Panel highlighted that lack of availability of good quality, affordable key worker accommodation as being a serious issue which is not being adequately addressed by Government:

*"I moved to the island with my young family 3 years ago. My husband and I both work in the hospital as an allied health professional and a nurse. The houses available within our price bracket is very low and most housing built appears to be apartments which we do not want to live in as we have moved from a house in the UK and have a dog. When recruiting and retaining staff in the health and community sector housing is one the main issues people leave."* [Sarah Edge-Pimblott](#)

*"a 1 bedroom Flat is no longer affordable to buy for Teachers and Nurses on around £45K a year."* [Dave Mauger](#)

*"Not only is Jersey pricing out the Jersey born, it is also now pricing out many essential workers. How can Jersey (Public and Private Sectors) keep or attract the expertise it needs, when the cost of accommodation now makes it unviable except for the very highest earners?"* [John Scarrott](#)

*"As a key worker who came to the island with a family and 2 dogs finding rental property has been massively challenging and has led to us considering returning to the UK on more than one occasion... the government urgently needs to look at family friendly key worker accommodation which is of good quality and affordable. Currently 80% of one wage goes in rent and there is no recognition of this in income tax rates."* [Myra Hunter](#)

This sentiment was echoed in the public hearing with Andium Homes when the Chief Executive commented that *"I think we can do more for key workers."*<sup>27</sup>

Further on in the public hearing, the Island Public Estate Strategy was discussed as vital for identifying the release of Government-owned sites for social housing generally, but Andium further stressed the importance of sites such as Westaway Court which was understood to be vacant and a prime example of an *"opportunity that cannot be missed"* for transfer to Andium Homes for development as key worker accommodation.<sup>28</sup>

In the public hearing with the Minister for Housing and Communities, the Panel queried what the definition was that the Government of Jersey utilised in defining a key worker and was advised the following:

**Head of Policy, Strategic Policy, Planning and Performance:**

*The general definition is that it is a worker fulfilling some form of statutory role that is unable to afford accommodation in the open market in terms for housing purposes. The key worker could*

<sup>26</sup> [Written submissions available to view online at statesassembly.gov.je](#)

<sup>27</sup> [Public Hearing with Andium Homes, 28 July 2021, p. 4](#)

<sup>28</sup> [Public hearing with Andium Homes, 28 July 2021, p. 15](#)

*be all sorts of people but the key workers that you would want to support through housing would be key workers who also were unable to meet their housing needs in the open market. But they might be people who do not normally hold residential qualifications, so they might need to be treated separately. But that work will be picked up again at the beginning of next year with a new piece of work but I know that it is being looked at by a variety of different States departments. It does span across all sorts of different areas at the minute. It is being looked at by Health, who obviously have a lot of key workers in the Health Department and by the Central Human Resources team to make sure that any kind of employment-related support or subsidy would be fair across different types of worker.<sup>29</sup>*

The Panel is pleased to note that increasing the supply of key worker accommodation is committed to in Action 5c of the Housing Action Plan which states that:

The Minister for Housing and Communities, working with other ministers, will develop a clear definition of key workers, for the purpose of accessing accommodation, and support the delivery of 25 key worker homes each year through to 2025.<sup>30</sup>

**KEY FINDING H1:** Lack of decent, affordable housing is a significant issue for attracting and retaining key workers on island. Andium Homes consider the swift release of suitable public-owned sites for key worker accommodation to be opportunities which cannot be missed. The Government of Jersey will be carrying out further work in early 2022 to define key worker status in relation to housing and the various conditions which will apply regarding residential status and employment related support or subsidy. The aim is to support the delivery of 25 key workers homes each year until 2025.

The Panel pressed the Minister on the urgency to build more key worker accommodation with there being significant staff shortages across the civil service and other areas of industry. The Minister responded as follows:

***The Minister for Housing and Communities:***

*Yes, absolutely. You look at the key workers in Children's Services and it is hard for us to retain them. I am thinking about social workers, especially those case workers with specific young people, some of whom have had a different case worker nearly every year. We have had huge turnover and I have got a feeling that accommodation has a part to play in that and with our very important hospital workers too. With some of our key-worker accommodation, whether we should not be allowing a kind of right to buy with it so that the key people that we desperately need and would like to keep them here for as long as possible have a stake in the Island, which makes it more attractive to spend a longer time here.<sup>31</sup>*

The Panel makes the following recommendations to further enhance supporting the delivery of homes for key workers:

**RECOMMENDATION H1:** The Council of Ministers should ensure that the new population policy links effectively with the definition of, and need for, key workers, including additional housing development and planning personnel. This should be published in the population policy.

<sup>29</sup> [Public hearing with the Minister for Housing and Communities, 27 July 2021, p. 19](#)

<sup>30</sup> [Creating better homes: an action plan for housing in Jersey \[R.98/2021\] - June 2021](#)

<sup>31</sup> [Public hearing with the Minister for Housing and Communities, 27 July 2021, p. 20](#)

**RECOMMENDATION H2:** The Minister for Housing and Communities should ensure that the new population policy considers how workers and residents gain entitlement to more settled housing tenures, especially if they are in specific job roles which are critical to the economic and social well-being of the island, including production and management of affordable homes.

**RECOMMENDATION H3:** The Minister for Housing and Communities should work towards an expansion of the definition of key workers to include vital roles in affordable housing development, planning and construction. The expanded definition of key workers needs to be accompanied by an expansion in the amount of subsidised housing available for approved incoming key workers. This should be continually considered over the lifespan of the Bridging Island Plan. This should be carried out without delay, ideally before the end of Q2 2022.

**RECOMMENDATION H4:** The Minister for Housing and Communities should ensure that moving forward, key worker housing, is classified as 'affordable' for qualifying workers and managed in some form by the Government of Jersey or affordable housing providers (even if leased from private landlords or licensed in some way).

**RECOMMENDATION H5:** The Minister for Housing and Communities should ensure that, for settled key workers in qualifying roles, a 'rent-to-buy' offer is developed by the end of 2022, which enables those workers to establish long-term roots in Jersey and means that those workers do not necessarily need to move in order to acquire their homes. It may be appropriate for the 'buy' option to be an affordable purchase basis and for there to be buy-back potential for an affordable housing provider or GoJ, to keep that housing in some form of affordable use in the long term.

## First time buyer housing

A recurring theme within submissions<sup>32</sup> received by the Panel was that young lislanders are finding it increasingly difficult to purchase their first property. In summary, submissions raised the following issues:

1. House prices are too high for individuals on a middle-income salary to afford a 1-bedroom property. Some believe that the promotion of buy-to-let for investors has contributed to price rises.
2. Most are unable to save for a deposit on a home due to high rental costs.
3. Couples who wish to purchase a family home before starting a family feel they cannot do so as family homes available for deferred deposit payment on the Gateway are allocated to couples who already have children.
4. Parish first time buyer developments are allocated to those with a connection to the Parish which results in many people missing out.
5. Some previous first time buyer developments do not retain their first time buyer status in perpetuity, therefore resulting in these properties being released to the open market once they are sold on.
6. Some young people are leaving or are considering leaving the island because of the current situation with home ownership in Jersey being unattainable to them.

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<sup>32</sup> [Written submissions available to view online at statesassembly.gov.je](https://statesassembly.gov.je)

Whilst the Panel is pleased to note that Actions 4a and 4b of the Housing Action Plan seek to address the issue of affordable home ownership, as well as access to mortgage products and advice, it is questionable whether this will be realised within the timeline set out in the Housing Action Plan:

The Minister for Housing and Communities will therefore bring forward work in two phases:

PHASE 1 – completed by end 2021 – will review the functioning of the affordable products available, and set out prioritised actions to create a range of consistent and fully sustainable affordable purchase products

PHASE 2 – completed by mid-2022 – will put in place £10m to deliver on the identified priorities, and set out future plans to help more families<sup>33</sup>

The Panel was keen to learn whether the research into suitable affordable homeownership products had commenced and was advised in the public hearing held on 27<sup>th</sup> July 2021 that the research was still at the scoping stage and had not yet been commissioned.

Given that housing affordability has been a growing issue recognised at the start of the Government term, it is questionable why scoping research into affordable purchase products has only just begun. Funding of £10m was previously approved in the 2020 Government Plan and the Panel therefore shares the frustration of many Islanders that the utilisation of these allocated funds has not been realised sooner and to start addressing the issue of affordability.

**KEY FINDING B7:** House price rises have made it increasingly difficult for individuals and/or couples on a middle-income salary to purchase a 1-bedroom home and high rental costs make it impossible for them to be able to save for a deposit on a home. Scoping research into suitable affordable purchase products has begun and is anticipated will be delivered by Government by mid-2022, although the last update the Panel received was that this work was still in the scoping stage and had not yet been commissioned. It is therefore uncertain whether the target date of mid-2022 will be realised.

In their report, ARK comment that low-cost home ownership products can be an effective policy measure to assist first time buyers. However, they should be consistent and easily understood by the market and individual purchasers in order for them to be effective. Policy should be designed with clear objectives based around the agreed targeted groups and associated income levels, as well as how success will be measured.

In line with ARK's recommendations, the Panel makes the following recommendations to assist Government in shaping these policies.

**RECOMMENDATION B4:** The Minister for Housing and Communities should ensure that as part of the commissioned research into suitable affordable homeownership products, the affordability of low-cost home ownership products is assessed in line with recommendation two of this report. This can then be used to define the most appropriate low-cost home ownership product and whether the assisted purchase scheme needs to be updated.

**RECOMMENDATION B5:** The Minister for Housing and Communities should, as part of the consideration of suitable affordable home ownership products, consider varying the equity level being sold to target particular groups, such as key workers or specific income levels.

<sup>33</sup> [Creating better homes: an action plan for housing in Jersey \[R.98/2021\] - June 2021](#)



## Older peoples' housing and 'right-sizing'

Several submissions to the Panel also identified the need for more suitable homes for older people to downsize into, which would in turn release more family homes back onto the market. This view was also shared by the Jersey Estate Agents' Association<sup>34</sup>

There is, and remains, serious demand for houses, 2-, 3- and 4-bedroom. There is demand for first time buyer homes as well as homes that could be targeted at retirees, which would then hopefully release some secondary housing stock to the market. In addition, demand for apartments remains strong and in general from local buyers looking to live in the apartments rather than buy to let investors.<sup>35</sup>

Another submission also highlighted the issue that often the elderly are living in accommodation that no longer suits their needs but feel they are unable to move due to a lack of affordable and attractive options of alternative property to buy or rent. Moreover, this often results in them staying in a property which is too large and expensive to maintain, and in some instances, making expensive adaptations to their homes. This results in young families being denied the opportunity of living in suitable family accommodation.<sup>36</sup>

This view was echoed in another submission which highlighted the scarcity of three and four bedroom properties on the market and that one of the contributing reasons to this was that there is *"no decent, affordable, smaller freehold properties for older people wishing to downsize."* They went onto comment that there is a need for more 2-bed properties with gardens and that the supply of these homes should come from a combination of private developers, Government and the parishes. Moreover, that *"each rural parish should be obligated to meet the requirement for retirement properties dependent on their population; they should be responsible for proposing suitable sites for such developments if they do not meet their quota."*<sup>37</sup>

In his submission, the Connétable of St. Peter highlighted that the proposed sites for affordable housing in the Draft Bridging Island Plan are "too restrictive" with sites being earmarked for three or four bedroom family homes. After a recent experience with a site which was not passed by the UK Planning Inspector,<sup>38</sup> he states that there is a demand for affordable one and two bedroom units in St. Peter but that the proposed sites, as currently identified, do not allow for this.<sup>39</sup>

Another suggestion made was that in order to release more family homes back onto the market, 'downsizers' should also be eligible for properties with first time buyer status and that it could be condition of the purchase that the person downsizing must sell their existing property to a first-time buyer, or to a second time buyer(s) wishing to upsize to a family home. In addition, that suitable stamp duty incentives to move home should be explored.<sup>40</sup>

In view of the above, the Panel is therefore pleased to note that the Housing Action Plan acknowledges this issue and introduces a new policy intent of 'right-sizing':

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<sup>34</sup> The Jersey Estate Agents' Association represents 16 out of circa 53 estate agency firms in Jersey.

<sup>35</sup> [Written Submission – Jersey Estate Agents' Association](#)

<sup>36</sup> [Written Submission - Anonymous 3](#)

<sup>37</sup> [Written Submission – Anonymous 4](#)

<sup>38</sup> It is the Panel's understanding that applications are not determined by planning inspectors. Decision-making, on appeals, rests with the Minister for the Environment

<sup>39</sup> [Written Submission – Connétable of St. Peter](#)

<sup>40</sup> [Written Submission – Anonymous 4](#)

Our developments also need to consider our ageing society, including providing Islanders who have care needs the opportunity to live in a home that can be adapted throughout their lifetime, and helping older home-owners “right size” into a new home, releasing more family units on to the market.<sup>41</sup>

The Plan further acknowledges the impact the Jersey Care Model will have with more older people living in and receiving their care in the community where appropriate and aims to work with Health and Community Services to provide better homes for Islanders. The Minister has committed to this under Action 5d of the Action Plan which aims to be delivered by mid-2023:

The Minister for Housing and Communities will work with Minister for Health and Social Services, and with clinicians and health service officials, to ensure the contribution of better homes to the health and wellbeing of Jersey residents is fully considered as part of the development of the Jersey Care Model, and will implement actions drawn from this work.<sup>42</sup>

In addition, it states in the Plan that Jersey has an identified need for ‘right-sizing’ due to people over 65 comprising approximately 17% of Jersey’s population but also accounting for approximately a third of all homeowners and who live in a quarter of the homes in the island. The Panel is therefore pleased to note that the Plan highlights different models from other countries that are being considered for enhancing the provision of homes for older people and to increase access to family homes. The Minister aims to deliver Action 4c by the end of 2022:

The Minister for Housing and Communities will work with the Minister for the Environment, Parishes, Andium Homes and others to develop a policy framework to support right-sizing, in order to increase access to family homes.<sup>43</sup>

The Panel was keen to hear the views of Andium Homes in relation to the policy approach of ‘right-sizing’:

**Chief Executive, Andium Homes:**

*I think that is a very useful mechanism, rightsizing. There are a number of people in Jersey who you could say are asset rich, cash poor. They benefited from the excellent States loan scheme over the years but they are sitting in a home worth a substantial sum of money, in a Parish that they want to live in but their actual income is pretty low. In some cases, it might be just the social security pension. So the ability to be able to offer those people a product whereby they are able to downsize, maybe realise some of that equity but also pass those family homes on to families that are waiting to purchase them is a real win-win. Definitely we feel they should be part of the product on offer. Indeed, we were looking at a scheme for the former Les Quennevais School site, which would have been an ideal opportunity - in your Parish indeed, Chair - for people to downsize. That was going to be for us a rightsizing development, which would have been attractive to people in the Don Farm area, et cetera. Because a lot of people, they have been living in a Parish for many years, they want to stay in that Parish and so the opportunity for them would have been there on that occasion, and we do need to do more of that.<sup>44</sup>*

In the public hearing with the Minister for Housing and Communities, he commented that:

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<sup>41</sup> [Creating better homes: an action plan for housing in Jersey \[R.98/2021\] - June 2021](#)

<sup>42</sup> Action 5d – Better homes at the heart of the Jersey Care Model - Creating better homes: an action plan for housing in Jersey

<sup>43</sup> Action 4c - Increase access to family homes with greater support for right-sizing - Creating better homes: an action plan for housing in Jersey

<sup>44</sup> [Public hearing with Andium Homes, 28 July 2021, p. 9-10](#)

### **The Minister for Housing and Communities:**

*...One of the biggest ones that we are determined to tackle is, of course, the change when you get to more senior years and wanting to rightsize, as we are calling it now, and that features very heavily in the Parish sites that are being rezoned as part of the Island Plan. My work, as I think I said earlier, begins almost immediately now with consultations with the Minister for the Environment on what product goes on worksites. We hear big demand for that and we have got to try and answer that. That might also help a kind of fluidity in the market with people leaving family homes to go to something smaller and perhaps sheltered. You get 2 bites at the cherry there because you get the property that is then released...<sup>45</sup>*

The Draft Bridging Island Plan supports a mix of the type and size of homes (policy H4)<sup>46</sup> to enable provision for right-sizing homes on sites zoned for affordable housing (policy H5). However, the Panel is concerned that consultation with parishes in relation to housing need which has been identified within individual parishes has been limited. Consequently, there is a risk that the sites currently proposed do not align with what demand for suitable right-sizing options may exist locally within the parish. Whilst Supplementary Planning Guidance may be able to determine the mix of the types of homes on a site, it is possible that the proposed sites may not be able to cater for the precise number and mix of homes required to meet identified local parish need. Although the Minister's action pledges to work with the parishes and others to develop a policy framework by the end of 2022, the Draft Island Plan is due to be agreed in March 2022 which may result in sites being approved before a framework and the true need for 'right-sizing' options by parish is identified.

**KEY FINDING A2:** As well as demand for first time buyer properties, there is also increased demand for smaller homes for 'retirees' who feel there are no suitable options available on the market which would enable them to 'right-size' into from their larger homes. It is a policy intention of the Minister for Housing and Communities to encourage right-sizing whereby home-owners can move to a smaller, more appropriate home for their needs and, in doing so, release a larger family unit onto the market. However, some stakeholders expressed the view that the sites proposed in the Draft Bridging Island Plan to meet the Island's housing needs, are not reflective of local parish need.

**RECOMMENDATION A3:** The Minister for Housing and Communities should work with the Minister for the Environment to ensure that the policies contained within the Draft Bridging Island Plan are flexible to the types of homes built on the proposed sites and with suitable right-sizing options in mind. This should be done as part of the Examination in Public process of the Draft Island Plan and so that any identified issues with certain sites can be addressed prior to approval of the Island Plan in 2022.

**RECOMMENDATION A4:** The Minister for Housing and Communities should work with the Minister for the Environment to formulate a suitable contingency measure, should it be determined that the sites zoned for affordable housing will not deliver the required type and number of properties suitable for right-sizing. Consideration should be given to a reserve list of zoned sites for housing and/or Supplementary Planning Guidance which would facilitate the development of homes where it can be demonstrated there is a need for suitable right-sizing

<sup>45</sup> [Public hearing with the Minister for Housing and Communities, 27 July 2021, p. 21](#)

<sup>46</sup> Where development proposals are subject to site or area-specific supplementary planning guidance, the mix of specific types, size and tenure of homes should accord with that guidance, except where overriding evidence is provided to justify a different mix (Policy H4 – Draft Bridging Island Plan 2022-25)

options which cannot be met from the agreed list of sites. This should be carried out without delay and in consultation with the Comité des Connétables, Andium Homes and other housing providers.

**RECOMMENDATION A5:** In order to effectively facilitate a downsizing / ‘right-sizing’ policy, the housing aspirations of older people need to be understood, including what specific features of new accommodation would motivate them to move and what incentives they would need. The Minister for Housing and Communities should ensure that a ‘right-sizing’ policy has clear and measurable objectives and should be specific in its targeting to ensure that applicants meet the requirements of the Housing Gateway.

**RECOMMENDATION A6:** The Minister for Housing and Communities should ensure that, on a needs basis, there should be financial incentives for elderly people to encourage them to ‘downsize’ whether to buy or rent, as often they don’t have the financial means that will enable them to move. This should not affect their rights to the Long Term Care scheme. Alternative property needs to be suitable. As people are living longer, so they can remain independent, the properties need to be affordable, safe, suitably sized, near shops/community venues/bus stops. Supplying quality, safe and affordable housing to the elderly will free up and make available their property to young families. This should be implemented before the end of 2022.

## Other supported housing requirements

ARK Consultancy comment in their report that, whilst the Bridging Island Plan identifies supported housing as an area of potential housing need, *“there is considerable focus on older people’s housing and although, clearly, this is an area with considerable need other supported housing requirements should not be overlooked.”*

Statement Response 38 of the Minister for the Environment’s Draft Bridging Island Plan post-consultation report acknowledges the need to make wider consideration to supported housing more explicit within the Plan. The response *“recognises that the planning system needs to be inclusive and is content to give emphasis to the issue.”*<sup>47</sup>

The Panel also makes the following recommendation in line with expert advisor ARK’s recommendation:

**RECOMMENDATION A7:** The Minister for the Housing and Communities should ensure that the housing needs of some younger cohorts (such as those with learning disabilities, who are homeless or young care leavers) with specialised housing requirements are understood more fully. This should lead to the setting of specific targets for appropriate types of housing based on up-to-date information on current and forecast need. This should be carried out before the end of 2022.

The Panel notes that Action 5b of the Housing Action Plan seeks to improve support for individual housing needs through the newly formed Housing Advice Service. It is the Panel’s view that this data should be recorded (anonymously) to capture the type of individual accessing the HAS (e.g. older person, care-leaver, person with a disability etc.), and their housing need, in order for this data to complement other modelling, such as an updated

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<sup>47</sup> [Minister for the environment – Draft Bridging Island Plan 2022-25 post-consultation report](#)

OAHNR, and used to inform existing and future housing need and to be reflected in the types of homes which will need to be built over the lifespan of the Bridging Island Plan.

**RECOMMENDATION A8:** The Minister for Housing and Communities should ensure that data pertaining to the types of individuals accessing the Housing Advice Service is suitably, and anonymously, captured in order to help inform existing and future housing need (in conjunction with other modelling such as the OAHN). The Minister should work in collaboration with the Minister for the Environment to ensure that both existing and emerging housing need is promoted through planning policy and to help inform build programmes of affordable homes over the lifespan of the Bridging Island Plan and beyond.

### 3 Barriers to the supply and development of affordable homes

Submissions<sup>48</sup> made to the Panel highlighted a number of key themes which it was felt were contributing as a barrier to the supply and development of affordable homes (see figure 4 below)



Figure 4 - Barriers to the supply of new homes - Key themes from scrutiny submissions

<sup>48</sup> [Written submissions available to view online at statesassembly.gov.je](https://statesassembly.gov.je)

These key themes, along with other identified barriers to housing supply are discussed in further detail below.

## Population size and growth

The most prevalent theme which emerged from submissions<sup>49</sup> was net-inward migration and Jersey's lack of a population policy.

In the public hearing with the Minister for the Environment, the Panel sought to understand what would happen if net-inward migration figures exceed the planning assumptions within the Bridging Island Plan of 800, given that Jersey has exceeded that figure significantly over the last four years:



### **The Connétable of Grouville:**

*...My understanding is the policy is based on an 800 net inward target figure. We have exceeded that over the last 4 years, what happen if that occurs?*

### **The Minister for the Environment:**

*First of all it is a bridging plan. This is not a 10 year plan and we are in a recovery phase. I think the evidence that was used for the 800 figure came from the Stats Unit. We will have that confirmed by the end of the year. We will get the early census information. I am told we will either get it at the end of the year or in January, and we will be able to see how reliable it was that there has been this reduction in inwards migration. Personally, I would be very surprised if that does not happen because we have new rules coming for E.U. (European Union) citizens. Home Affairs now have visa requirements and so on being imposed, which are very onerous. We are all hearing from industry that they cannot get any staff, they cannot get any workers. At the moment the numbers being proposed in the draft plan include both dealing with ... it does include making up a proportion of the backlog. Two situations: if the numbers of migration coming in is less than the 800 then it means that we will be able to increase the inroads into the backlog of housing. At the moment that is 50 per cent, we would be able to increase it. The corollary is if we get more people coming in then I am afraid we will need less of the backlog or have a choice between meeting the backlog and dealing with new people qualifying. I think the choice of that middle planning assumption was the right one and I believe we can defend it.<sup>50</sup>*

Noting that Action 2D of the Housing Action Plan pledges to work with ministerial colleagues to ensure policy considerations are fully considered in the development of new migration controls and future population policy, the Panel also asked the Minister for Housing and Communities to elaborate further on this. The Minister responded that the work was being led by the Assistant Chief Minister, whom he was in regular contact with over the matter. The Panel was further advised that the initial proposals for the policy would be brought forward before the end of 2021. However, it was explained that the results from the census data would not be available until early 2022 and given that this information was integral to helping to form a robust population policy, some of this work would extend through to the spring of 2022.<sup>51</sup>

<sup>49</sup> [Written submissions available to view online at statesassembly.gov.je](https://statesassembly.gov.je)

<sup>50</sup> [Public hearing with the Minister for the Environment, 27 July 2021, p. 10](#)

<sup>51</sup> [Public hearing with the Minister for Housing and Communities, 27 July 2021, p. 24-5](#)



In the public hearing with Jersey Development Company, the view was expressed that whether target delivery figures were sufficient would be dependent on net-inward migration:

**The Connétable of St. Brelade:**

*Do you think the target delivery of 2,650 open market and 1,500 affordable homes before 2025, as outlined in the draft Island Plan, is sufficient?*

**Managing Director, Jersey Development Company:**

*I think, Chair, that is ultimately dependent on the position with regard inward migration. Obviously those numbers have been determined by the objective assessment of housing need based on certain number of net inward migration. Providing those numbers are sort of met and adhered to, I presume the calculations have been correctly performed and that number will be correct.<sup>52</sup>*

**KEY FINDING H2:** A clear and consistent policy on net-inward migration and population control is integral to accurately estimating the supply of homes required, and in ensuring that numbers of net-inward migration do not outstrip the delivery of new homes. The planned assumption of 800 net-inward migration each year is considerably less than what has been permitted in previous years and therefore the successful delivery of the right number of homes will be contingent on the projected assumptions being accurate and strictly enforced.

**RECOMMENDATION H6:** The Council of Ministers should finalise the emerging policy on population and in-migration management without delay and, in so doing, ensure that a weather eye is retained on how the agreed policy will impact on current policies for new housing provision.

## Highly competitive housing market and pent-up demand

Affordability of housing was particularly commented on in submissions received by the Panel. It was observed that the housing market is extremely active and there was anecdotal evidence of significant competition in the sales market. This corresponds with the statistics discussed in the previous chapter outlining that, overall, housing market activity was 24% higher than in the previous quarter (Q1 2021) and 47% higher than in the corresponding quarter of 2020.



Similar anecdotal examples were also provided from individual experiences of private rented homes being snapped up very quickly.<sup>53</sup>

Jersey Development Company commented on the imbalance of supply and demand being the core driver for issues of affordability in the housing market:

**The Connétable of St. Brelade:**

*What is, in your opinion, the core driver of the affordability problems in the housing market at the moment?*

**Managing Director, Jersey Development Company:**

<sup>52</sup> [Public hearing with Jersey Development Company, 13 July 2021, p.](#)

<sup>53</sup> [Written submissions available to view online at statesassembly.gov.je](#)

*Ultimately, the supply/demand imbalance is driving prices northwards and you regularly hear properties exceeding asking price in terms of what is eventually obtained and I think we need to address the supply. But, as I say, that cannot just be turned on overnight, so it is something that we need to be working on from now to ensure that that demand is met.<sup>54</sup>*

**KEY FINDING B8:** Jersey's highly competitive property market is creating a surge in pent-up demand which cannot keep pace with supply, leading to an overheated housing market with imbalanced supply and ultimately resulting in increasing property prices.

Page six of the Housing Action Plan provides a diagram demonstrating the influencing factors on supply and demand in Jersey. The Panel questioned the Minister for Housing and Communities on why this did not incorporate individual's changing housing aspirations and changing expectations as a driver influencing demand.

**Panel Advisor:**

*... I just wanted to expand a little on what we were driving at with that question in connection with the demand side of the sort of housing market equation because, clearly, I think you said yourself in your opening remarks, given what has happened during the pandemic, et cetera, people's expectations for home have changed quite a lot and it is a good illustration in a way of how dynamic that aspect of demand is. It is very difficult to measure, I accept that, but often in trying to respond, effectively, with policy to a market change, mechanisms are put in place to try and keep in touch with people at that more qualitative level. You might have, I do not know, a focus group of local people, difficult to find a representative group sometimes. I know that it is trying to have dialogue with people at that level. I accept, in a sense, the political system itself is one of the best ways of you having contact with people and their aspirations but I just wondered if that was on the radar in terms of how you respond to the housing market going forward.*

**The Minister for Housing and Communities:**

*Yes, that is very interesting. Things I can immediately think of in terms of that are the importance for there to be a space in the home these days to work on your computer. I have spent 6½ years on the Planning Committee and very often when an applicant would come along with an application for an extension to the house or for a house and it was like 2 bedrooms and an office. I think it is fair to say the officers and those of us sitting on the committee were suspicious about this and said that is just going to be a 3-bed.*

...

*We should be making provision for that because we should be not on our computers in our bedrooms, we should be in a dedicated space for it and probably should not be in the lounge either, especially if we are all going to work from home more. That is now a really important 21st century facility that should be recognised. On the other wider questions, I do not know if Ralph or Steve want to pick up on your point, Mr Patterson.*

...

**Interim Head of Corporate Property and Performance:**

*Yes. I think you are right, absolutely, John, the qualitative element is not probably easily captured within a kind of systematic diagram like that. The purpose of that diagram really was to show*

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<sup>54</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 8-9](#)

*what influence the Government or the market has really on the different ... what are the market leaders and what are the Government leaders, if you like, on impacting or effecting the supply and affordability of housing? You are right, I think if you wanted to carry out a more qualitative assessment you would have to do further work that went into that kind of area of change. Obviously there are things within the Island Plan around the new design and residential standards of homes which will obviously be influenced by people's views and the sort of political governance of it as well, so I guess that is for the future...*

**Interim Head of Corporate Property and Performance:**

*...What we did do in 2016, which informed the first draft of the residential standards, we did a survey of recent developments and we asked a lot of questions around exactly those points. We looked at developments which were built in the last 10 years and we asked them about what they thought about their space that is inside the house. Have you got enough space to put your Hoover away or to sort of like sit around, 4 of you around a kitchen table or dining room table? Basic questions like that. What are your thoughts on external amenity space, noise pollution, light pollution? We had some very good responses on that. I think we had 350 responses to the survey of about 1,000 homes and that was a variety of homes, from the open market right through to the sort of affordable sector, from one-bedroom flats right through to 5-bedroom homes. We did sort of carry that out and it is a benchmark which exists from 2016. But it would be very useful, I think, to probably repeat and maybe bring that up to current kind of thinking as well with some further questions that you might want to ask around other areas that we now know are important to people as well. Yes, that is something that we have done but we can repeat.*

**KEY FINDING A3:** It is acknowledged by the Minister for Housing and Communities and Government Officials that further qualitative work should be done to establish Islanders' changing property aspirations, particularly given that the pandemic is likely to have been a catalyst for changing Islander's aspirations and expectations regarding certain property types and features. This analysis will be important in order to keep pace with future housing demand.

**RECOMMENDATION A9:** The Minister for Housing and Communities should ensure that qualitative research is carried out to capture and identify and changing aspirations and expectations in housing demand. This should be incorporated into other workstreams contained within the Housing Action Plan with a suitable timeline provided.

## Concerns over the type and size of properties being developed not addressing supply needs

The Panel received submissions<sup>55</sup> commenting on the type of accommodation being developed, with opinions expressed that there are too many new one-bedroom flats. Furthermore, that there is nothing being built for families who cannot afford larger accommodation and that new build flats are too small.

Policy H4 of the Draft Bridging Island Plan seeks to avoid an over-concentration of any type, size or tenure of housing. However, this also seemingly conflicts with a focus on flatted and high-density development, with no immediate policy to integrate affordable housing into market developments. The Panel questioned the



<sup>55</sup> [Written submissions available to view online at statesassembly.gov.je](https://statesassembly.gov.je)

Minister for the Environment on how this conflict should be resolved. The response was as follows:

**Head of Place and Spatial Planning, Strategic Policy, Planning and Performance:**

*...I think the purpose of this policy, Chair, is to address some of the concern that has been expressed during the current plan period that we have seen a large number of sites come forward for flatted development, lots of units, particularly one and 2 bed units of accommodation provided in flatted developments on urban sites. This policy seeks to try and provide the planning system with a greater degree of intervention, if you like, in terms of seeking to ensure that we do not get an over-concentration of a particular type of units in a development scheme. There is no reason why larger units of accommodation should not be provided on a flatted development. There is potential for the provision of 3 or 4 bed units of accommodation to be provided as a flat, for example, as part of a mixed scheme, which might have a mixture of different sizes of homes within a high density development. This is what this policy is seeking to do and seeking to ensure, as the Minister highlighted, that we get different types of occupants, depending on their accommodation requirements, moving into development schemes and that provides a greater mix and range of occupants to different schemes, and therefore a different mix in the community, rather than it just being perhaps a community that is focused on a concentration of one and 2 bed units...<sup>56</sup>*

**KEY FINDING A4:** The Draft Bridging Island Plan 2022-25 seeks to address concerns of an over-concentration of a particular type, size or tenure of housing and whilst there is a focus on flatted, high density development, policy H4 intends to address existing concerns of a high concentration of exclusively smaller bed size units, promoting a more diverse mix of occupants within the community.

## Buy-to-let market inflating property prices

Another significant key theme from submissions received by the Panel was that increased numbers of buy-to-let sales from investors is having an adverse impact on property prices and the availability of homes. In the public hearing, the Panel questioned the Minister for Housing on whether he had plans to address any impact buy-to-let is having on market conditions:



**The Connétable of St. Brelade:**

*Thank you. Minister, this is always an interesting point which we discussed earlier on with the Minister for the Environment, do you have any specific plans to address the impact of buy-to-let investors on the availability of homes for first-time buyers and, if so, what are those?*

**The Minister for Housing and Communities:**

*Yes, I think it is work that we should do because, anecdotally, it is a problem. We are at capacity but I think it is something that we should look at urgently and maybe it sits under Environment more than me. We have all heard the stories of the queue for the Bath Street development, for the guy in front of one guy, it was his turn and he got to the front of the queue at 3.00 a.m. in the morning or whenever it was and bought 4 properties for buy-to-let. A lot of that queue was people just wanting to get on the housing ladder and buy one apartment. I think we should at least try to get the industry to agree that the owner-occupier and especially first-time buyer queue*

<sup>56</sup> [Public hearing with the Minister for the Environment, 27 July 2021, p. 12](#)

*should take precedence, it should be a day before the queue for those wanting to buy a buy-to-let. Of course it does not affect Andium but with S.o.J.D.C. (States of Jersey Development Company) they assure me that they exhaust all avenues of potential owner-occupiers - they must have been talking about the old Jersey College for Girls - before any would be made available to buy-to-let investors. But I would like to see a moratorium on it until we get the data because it worries me that the buy-to-let market is helping to inflate prices and it worries me that some of these nice-to-have third, fourth, fifth, sixth buy-to-let is depriving another person of their necessity, which is to get on the housing ladder. I do not know, Sue, if you can help me any more with how we would scope that; where would that sit?*

**Head of Policy, Strategic Policy, Planning and Performance:**

*Minister, it is the same situation as before in that the Government can control the way in which that first purchase out of the company is made and, therefore, you could put more conditions on that one through the Control of Housing and Work Law to decide what kind of owner it should be, as well as flying freehold you put mortgages on if you wanted to. But once it is transacted into the hands of somebody with residential qualifications in Jersey, the Government does not currently control the way in which those transactions then go on between people with local qualifications. It is the same problem, is that you would need to have a new law, a new kind of area of law that would specify how you would do that or how you could control that. But that is a way of doing it, by stopping people with a law from doing something. There are other ways of discouraging people from doing things through fiscal measures and other ways like that. You could use stamp duty, you could use taxation; there are a number of financial levers the Government could apply to make it more or less attractive to transacting different types of properties, so that is another possible route for exploration. These things are really quite complicated. We have a very active and buoyant housing market at the minute. To a certain extent, we are in a very lucky position. It means the developers are very keen to work on Island. You would not want the reverse of that to be true where it was difficult to get people to build houses; we need new houses. That ability to sell to a variety of different purchasers is important at the minute. It is a complicated situation and we need economic advice, we need conveyancing advice and all of those themes are being pursued. But it will take some time to come to sensible conclusions. This is a not a quick and easy problem to solve, this is one that is going to take a little bit of time and thought and resources to kind of do it properly.<sup>57</sup>*

**KEY FINDING B9:** There is anecdotal evidence that suggests the demand for, and purchase of, buy-to-let properties by investors may be contributing to higher property prices, and also the availability of affordable properties for first time buyers. The Minister for Housing and Communities has committed to investigating the issue further with a view to addressing the issue with appropriate controls and conditions on buy-to-let purchases.

**RECOMMENDATION B6:** The Minister for Housing and Communities should ensure that investigation into the impact of buy-to-let properties and any suitable measures to restrict and/or control this purchase type, where and if appropriate to do so, should be a focus for the newly created Strategic Housing and Regeneration Team and that an

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<sup>57</sup> [Public hearing with the Minister for Housing and Communities, 27 July 2021, p. 15-16](#)

update should be provided to the States Assembly on the outcome of this work by the end of Q1 2022.

In the public hearing with Jersey Development Company, the Panel asked what proportions of owner-occupier versus investment rental were in place with their housing developments:

**The Connétable of St. Brelade:**

*Would you be in a position to identify proportions of open market owner-occupiers versus rented in your situations? Clearly there is a need in all sectors of the market, is there any particular area stronger than the other?*

**Managing Director, Jersey Development Company:**

*Given the low interest environment that we are in, the buy-to-let opportunities obviously provide Islanders with a greater return than they will otherwise receive in the bank. When we are releasing these units for sale, yes, there is not sufficient owner-occupiers to achieve our level of presale. But during the build period there would be more owner-occupiers and they are coming through the market. I think it is a question of reassessing the presale hurdle and then J.D.C. focusing on owner-occupy sales to owner-occupiers in the first instance and only when the development is complete. If there are any units remaining, then the buy-to-let investors would be given an opportunity to purchase but our view is that we should be now focusing on the owner-occupier.<sup>58</sup>*

**KEY FINDING B10:** Jersey Development Company's view is that the opportunity to purchase should now be focused on the owner-occupier, as opposed to buy-to-let. In order to achieve this, there will need to be a reassessment of how developments can get past the pre-sale 'hurdle' as previously there has not been sufficient numbers of owner-occupiers coming forward to achieve the level of presale required to commence the build. It is only once developments are at the build stage that more owner-occupier sales are usually generated.

The Panel further wished to ascertain what inflationary impact the relaxing of policy guidance for High-Net-Worth individuals moving to island and owning additional property for rental investment, might be having on Jersey's housing market:

**The Connétable of St. Brelade:**

*Thank you. In a parallel vein, are there plans to review paragraph 121 of the policy guidance on residential and employment status which relates to high-net-worth individuals being able to own their own main residence and additional property for rental investment under various criteria?*

**The Minister for Housing and Communities:**

*For starters, since we were last together and I opined on the amount of 2(1)(e)s coming in, prompted by the Constable of Grouville, I am getting signals that we are going to bring in a cap and have a figure that should not be exceeded annually, so we know what we are talking about. There is nothing official yet but I am hearing noises that that is possibly accepted as what should happen. The 2(1)(e) is allowed to property develop; the properties that have been empty for 2 years and they are supposed to dispose of them within 2 years. There is scope for them to do a certain amount of property development. Are we enforcing that? How are we checking? I think*

<sup>58</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 15](#)



*that needs to be looked at. Because it would concern me if at the high end of the market 2(1)(e)s were able to property speculate in terms of keeping hold of very high-end market properties until they got the price they wanted. If it meant holding on to that property for longer than the 2 years, then that is not right because the housing market is supposed to ... if your house is not selling you have got to bring down the price and that is how the market works. But some people are in a very fortunate position that they can just wait and wait and wait until the houses achieves ... if that is going on and I do not know if it is, then I think that is not right.*

**The Connétable of St. Brelade:**

*Do you consider the previous relaxation of the policy has been a factor which has impacted negatively on the supply and demand of housing and, ultimately, house prices?*

**The Minister for Housing and Communities:**

*I do not know exactly what has happened with the policy because, as far as I know, the last person to draw this up in relation to what was then 1(1)(k)s and probably then became 2(1)(e)s was Senator Ozouf when he was Minister for Treasury and Resources, so that was at least 2 terms ago. At that stage it was 5 new 2(1)(e)s to be let in a year and they had to demonstrate that it was not just to avoid ... because it is tax advantageous to come here but that they wanted to come here because they wanted to contribute to the Island and to the community. I think in perhaps the last term that was never tidied up and I think it was left to the next Minister for Treasury and Resources to do that, and I do not think that happened. I think now there has been a drift and we have regularly let in 20 or 21 2(1)(e)s a year.<sup>59</sup>*

**KEY FINDING B11:** The scale and impact of High-Net-Worth individuals moving to the island and being able to own additional rental property under certain conditions is unknown, however, it is anecdotally thought to be having a detrimental effect on inflating housing market conditions. It is further unknown how the policy is being enforced and the Minister for Housing and Communities is in agreement that this should be looked at.

**RECOMMENDATION B7:** The Council of Ministers should ensure that an assessment is carried out, before the end of Q2 2022, of the scale and impact the relaxation of the criteria contained within paragraph 121 of the Residential and Employment Status policy guidance (relating to ability for High-Net-Worth individuals moving to the island to be able to own their own main residence and additional property for rental investment under certain criteria) has had on housing market conditions. As part of this assessment, consideration should be given to revising the guidance to ensure that suitable policy levers are in place to prevent the possibility of this having an inflationary effect on rents and property prices.

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<sup>59</sup> [Public hearing with the Minister for Housing and Communities, 27 July 2021, p. 17](#)

## Impact of foreign investment on inflation of sales and rental market

Leading on from the issue of buy-to-let is that of foreign investment in rental property and how this is seen as inflating the cost of housing. Whilst buy-to-let investors may be living locally within Jersey, and therefore it can be argued are contributing to Jersey's economy, historically there has also been opportunity for foreign property investors to purchase property by way of share transfer.



The Panel received a number of submissions<sup>60</sup> which were of the view that this precedent has led to inflation within Jersey's housing market, and ultimately, a negative impact on housing affordability. The Panel also heard anecdotal evidence of foreign investment property lying empty for long periods of time and therefore not making best use of Jersey's housing stock.

**RECOMMENDATION A10:** The Council of Ministers should consider the appropriate use of fiscal levers such as tax incentives / disincentives to discourage properties lying vacant in the medium to long term. This should be considered and reported back to the States Assembly before the end of 2022.

The Panel sought to gain the views of Jersey Development Company on the sale of foreign investment properties and in the public hearing the following was disclosed:

### ***Managing Director, Jersey Development Company:***

*There have been obviously several questions over the last few years in the Assembly with regards to foreign buy-to-let and foreign investors on our development. On Horizon, out of the 280 units we have 4 purchases that have been made to overseas buyers. They did have links to Jersey, whether it be business links or distant friends or family links. But we then took a decision about 18 months ago at least, possibly longer, to prevent any further sales to overseas purchasers. But as a result of those the structuring on these apartment developments tend to be via share transfer. While we can prevent that sale on the first transaction, onward transactions are then not preventable. But on South Hill and on future developments we have made a commitment that we will only structure those as flying freeholds, such that the sales can only ever be made to appropriately qualified individuals. But on the wider buy-to-let market, as I have mentioned earlier, we have got a significant hurdle of presales to achieve before we can commence construction. We do end up selling a proportion; I think on Horizon it is about 50 per cent of those units have been sold to buy-to-let investors, the majority of which are obviously, all bar 4, local buy-to-let investors. Looking at the future we are promoting a focus on owner occupation and first-time buyers and indeed downsizes. If there was a revision on the level of presale we could then ensure that we focus on owner-occupiers only.<sup>61</sup>*

**KEY FINDING B12:** Jersey Development Company took the decision approximately 18 months ago to prevent any further sales to overseas purchasers. However, the common structuring of their apartment developments tends to be via share transfer and whilst action can be taken to prevent that sale to foreign investors on the first transaction, onward transactions are then not preventable. The South Hill development and future JDC

<sup>60</sup> [Written submissions available to view online at statesassembly.gov.je](https://statesassembly.gov.je)

<sup>61</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 14-5](#)

developments will, however, be structured as flying freeholds, meaning sales can only ever be made to residentially qualified individuals.

The Panel is pleased to note the action taken by Jersey Development Company and indeed the commitment made in Action 4D of the Housing Action Plan to cease any new developments by share transfer. By ensuring that all new property developments are designated as 'flying freehold' will ensure that they are only available to those who are residentially qualified.

**RECOMMENDATION B8:** The Council of Ministers should explore further the possibility of whether the sale of *existing* share transfer properties can be restricted. This should be investigated and reported back to the States Assembly before the end of Q1 2022.

## Effectiveness of the planning system

A number of submissions commented on stretched resources within the Planning team of the Department for Infrastructure, Housing and Environment, leading to lengthy delays with the processing of applications. The issue of Government resources will be covered in the next chapter.



A number of stakeholders commented on the effectiveness of current planning policies and challenges surrounding this.

*The present system of Planning in Jersey is broken. Under-resourced from Government, it is too slow to respond to the pace of society at large. The processing of Planning applications is painfully slow, and registration of an application can add up to eight weeks to the stated 13-week target determination period. There are no 'fast-track processes for priority policy, e.g. affordable housing, social housing etc. A single Island Plan every 10 years is counterproductive, it places too much emphasis on getting it right, and guides a decade of poor decision-making if it is wrong. A more intuitive, reactionary and pacey approach to land use is needed to support improved supply.<sup>62</sup>*

Jersey Construction Council further commented that it would like to see the Island Plan incentivise re-development of existing urban and town-centre sites, as opposed to the re-zoning of greenfield sites. The UK's strategy of granting seed-funding for redevelopment of sites which are considered cost prohibitive for typical private sector investment was cited as a useful policy which Jersey should explore further.

Whilst the Draft Bridging Island Plan does propose that development which makes the most efficient use of land, and optimises the density of development,<sup>63,64</sup> will be encouraged, the view was expressed that there is nothing contained within the current Island Plan nor the proposed Bridging Plan that encourages the 'intensification' of greater numbers of households on a site and that current policy is in fact having the opposite effect.<sup>65</sup> This view was echoed by the Association of Jersey Architects.<sup>66</sup>

<sup>62</sup> [Written Submission - Jersey Construction Council](#)

<sup>63</sup> Policy SP2 – Spatial Strategy – Draft Bridging Island Plan 2022-25

<sup>64</sup> Concept Statement – integrate Town - More and higher density development – Draft Bridging Island Plan 2022-25

<sup>65</sup> [Written Submission – Jersey Construction Council](#)

<sup>66</sup> [Written Submission – Association of Jersey Architects](#)

The Draft Bridging Island Plan also notes the longstanding concern that the density of residential development has been increasing rapidly without sufficient consideration about how to successfully create sustainable, social communities in the long term. Concept statement 4 of the ‘Plan for Town’ recognises the need to integrate more, and higher, density development in town, in order to meet the strategic objectives of the Island Plan. In doing so, the Draft Plan accepts that focus must be given to the need to enhance the liveability of these new homes and the neighbourhoods they help create.<sup>67</sup>

**KEY FINDING G1:** It is the view of some stakeholders that current planning policy is not fit for purpose and the proposed new Bridging Island Plan will not adequately address some of the current longstanding policy issues.

**RECOMMENDATION G1:** The Minister for the Environment should, as part of the ongoing discussion around the proposed Bridging Island Plan, review the use of permitted development rights in relation to affordable housing production. The review should examine carefully relevant experience in other jurisdictions and the balance of advantages and disadvantages. This should also link to consideration of other planning process improvements.

**RECOMMENDATION G2:** The Minister for the Environment should ensure that a post-build evaluation process is put in place for all new developments. In consultation with industry, the Minister should consider the concept of a post-build log for new developments which assesses both the successes and challenges of delivering schemes according to planning requirements. The aim of this would be to ensure that planning policies are fit for purpose at a practical level during and once the schemes are developed, or if a policy needs re-visiting. The Minister should aim to implement this from the adoption of the Bridging Island Plan.

The Panel asked for Andium Homes’ views on what planning-related challenges or barriers to development they had come across. Andium responded as follows:

**Chief Executive, Andium Homes:**

*I think one thing that is definitely of great importance and important to us is a review of various key policies within Planning. One I would highlight is in relation to parking. There is a slight disconnect between the planning policy on parking and then effectively the control element of the Planning Department that then goes to enforce that, for instance a requirement for 0.7 parking places per flat. What we would say to you on that is that we spend an enormous amount of money creating parking spaces. I will give you an example, La Collette flats where we have spent £15 million effectively on a substructure to create substantial numbers of parking places, which will not be required by the residents living there. Okay, there might be an opportunity, of course, in the Havre des Pas area with people who are short of parking, but the fact of the matter is we need some movement, for instance, on the parking provision because it adds significant cost. It still wed us to effectively the motor vehicle, and in many respects it prevents the development of more forward-thinking policies. For instance, we are talking to a company with regard to a car-sharing club and that is the kind of thing that we feel that we need to bring to developments, particularly in St. Helier, where people are able to have access to a vehicle but not necessarily have to own one. Just to give you another example, if we had everybody with a permit on our*

<sup>67</sup> [Draft Bridging Island Plan 2022-25](#)

*estates in the St. Helier side of it parking, we would have 300 parking spaces more than we require. Now, that is something that we have been talking about for some considerable period of time. It is an example of where a change to policy would be beneficial, not just in terms of the cost of producing developments but also our reliance on the motor vehicle and also the ability to look at a sustainable transport policy.*

**The Connétable of St. Brelade:**

*Do you have the statistics or the evidence to suggest that the demand for parking, the 0.7 parking spaces per flat, is not necessary?*

**Chief Executive, Andium Homes:**

*We do, yes.<sup>68</sup>*

The alignment with Sustainable Transport and changes to planning requirements for certain parking ratios was also a point echoed by the Association of Jersey Architects in their submission.<sup>69</sup>

**KEY FINDING G2:** Planning requirements for parking provision does not appear to be aligned with Sustainable Transport Policy where the aim is to reduce vehicle usage over time. In addition, developers, such as Andium Homes have clear evidence which shows that current provisions are often unnecessary according to the demand, particularly in town. This is an issue given that requirements for high parking ratios can make a development scheme unviable.

**RECOMMENDATION G3:** The Minister for the Environment should consider, in consultation with the Minister for Infrastructure and industry stakeholders, how planning requirements for parking provision on new developments can be suitably relaxed with the aim of promoting better scheme viability. Consideration should be given to how this policy can be flexible to recognise demand for parking in town may be less than that of developments out of town. Moreover, it is important that planning policy of this nature suitably aligns with the Sustainable Transport Policy where the aim is to reduce vehicle usage.

The Panel heard evidence from several stakeholders in relation to their views and desire for better access to more timely planning pre-application advice. The Jersey Association for Architects commented that there *“is no pre-app process to speak of ‘16 weeks before we look at it’ is not a service. How about charging a modest fee for formal pre-app (like the UK) and using this to fund a competent, objective planner who will provide reliable pre-app advice?”*<sup>70</sup>

In the public hearing, Andium Homes expressed a similar view:

**Chief Executive, Andium Homes:**

*Absolutely. Certainly when we go back to one of our previous sites, Samarès Nurseries, we waited some considerable time for the development brief on that which held us up noticeably. The expeditious arrival of development briefs, et cetera, would be greatly welcomed. The other thing*

<sup>68</sup> [Public hearing with Andium Homes, 28 July 2021, p.16-7](#)

<sup>69</sup> [Written Submission – Association of Jersey Architects](#)

<sup>70</sup> [Written Submission – Association for Jersey Architects](#)

*I think for us is that accessible pre-application advice, the ability to sit down with planning officers. Andium did put forward a suggestion that we would have our own dedicated planning officer, so to speak, and the reason for that ... I mean the extensive nature of what we are doing, the size of our capital programme, that would have been really helpful. Looking back where we are coming from the past, we have more opportunity to sit with planning officers and get and talk about our plans. In view of the nature of the placemaking that we want to facilitate, the size of the programme, especially the north of St. Helier, it would be hugely beneficial if we could have that time with a planner or planners dedicated to us to understand the strategic direction that we want to head to. From our perspective, we see the north of St. Helier as a real opportunity in terms of being able to deliver those placemaking opportunities, greening up green ways, making the north of town an attractive place to live. What we need to do is be able to sit down with planning officers and talk about the whole, not the individual sites. That is something that is missing for us, that we would suggest would be really beneficial.*

**Mr. J. Paterson:**

*... On that point about pre-application processes, and I have to say I do not know whether there is a formal pre-application process in the planning system in Jersey at the moment, but how do you feel about the idea of there being a fee attaching to the pre-application process, if it gets you to a point where there is absolute clarity at the end of it as to what you need to submit to achieve a consent with an application?*

**Chief Executive, Andium Homes:**

*To be honest, I do not have a problem with that. I think if we have the service attached to it then that would save an enormous amount of time and we would be able to get into the ground quicker. One thing I would say, I think it is important to say it in respect of planning and I think the Minister for the Environment has said it, is the lack of resources. The scale of what is required in this plan, the scale of our capital projects, our programme in Andium Homes, you have to make sure your planning system is sufficiently resourced. In fairness to the guys there, they are lacking in numbers, in our view.<sup>71</sup>*

Jersey Development Company also commented that there are significant lead-in times on all projects from design process to planning approval and eventual delivery is around a 4–5-year timeline for most developments. JDC did, however, comment that “we carry out extensive pre-application engagement with the Planning Department and with Jersey Architecture Commission.”<sup>72</sup> This would appear to be somewhat out of kilter with what others have commented suggesting that there is no pre-application service to speak of and is a reflection of under-resourcing.

Jersey Construction Council also commented that the average small scale (5-10 unit) housing development can take up to five years to complete, with more significant scale developments taking up to 10 years. The majority of this time is consumed by pre-planning, planning and sourcing the permissions required to build. They also echoed the suggestion of paying an extra fee in return for an improved, quicker pre-application process<sup>73</sup>

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<sup>71</sup> [Public hearing with Andium Homes, 28 July 2021, p. 4-5](#)

<sup>72</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 2](#)

<sup>73</sup> [Written Submission – Jersey Construction Council](#)



**KEY FINDING G3:** On the whole, developers do not appear to be able to access an adequate level of planning pre-application advice despite there being a willingness to pay an extra fee to receive a timelier service.

**RECOMMENDATION C1:** The Minister for the Environment should consider other process improvements to expedite planning applications for housing schemes, especially affordable housing. This should include a formally agreed pre-application process with appropriately set fees for applicants, in addition to other fast-tracking initiatives such as better use of permitted development rights and dedicated planning team members. The Minister should feedback to the Panel before the end of January 2022 regarding which options have been considered and will be taken forward with clear timescales of implementation provided.

In 2015, a previous scrutiny review found that the planning system and a number of the planning policies contained within the current revised 2011 Island Plan were acting as a barrier to the provision of housing. The review recommended that new supplementary planning guidance for St Helier be put in place to identify key development zones where planning policies could be relaxed. It further recommended that a review should be undertaken to ensure that the current planning policies setting requirements for parking spaces, density levels and Lifelong Homes standards were 'fit for purpose' and did not impinge on the delivery of affordable housing.<sup>74</sup> As outlined above, these findings are not too dissimilar from our own six years on, and highlights the longstanding barrier restrictive planning policies continue to pose to the delivery of affordable homes.

## Land supply shortage and locating new development

One of the key barriers to the supply of new homes is shortage of land supply and where to locate new development, particularly on a small island. The Draft Bridging Island Plan recognises that there is a need to ensure the most efficient use of the island's limited land supply, in order to meet the need for new homes. To do this, the Plan proposes that new residential development should deliver an optimum density for its site and location. This would ensure the development of land to the fullest amount, provided it still remains consistent with all other relevant planning objectives, including the provision of open space, parking, placemaking, and impact on neighbouring uses, along with the quality and design of the homes being provided.<sup>75</sup>



Some of the concerns raised in submissions<sup>76</sup> were regarding the over-development of St. Helier and fears of 'urban sprawl', as further evidenced by recent public outcry with some of the greenfield sites identified for re-zoning in the Draft Bridging Island Plan and which has subsequently led to various States Member amendments calling for their removal from the Plan.

**KEY FINDING C1:** There are competing tensions between the need to build more affordable homes and where to locate them. It is recognised that land is in short supply, however there is also public concern for loss of green space and fears of 'urban sprawl'.

<sup>74</sup> [S.R.5/2015 – Supply of Housing Scrutiny Review](#)

<sup>75</sup> [Draft Bridging Island Plan 2022-25](#)

<sup>76</sup> [Written submissions available to view online at statesassembly.gov.je](#)

In their report, ARK comment that Jersey’s policy position is evolving to recognise the importance of improving access to developable land. ARK notes that the zoning of sites specifically for affordable housing is a useful policy tool which is not generally utilised in other jurisdictions, particularly across the devolved nations of the UK. Where it is utilised tends to be in very limited cases. It is ARK’s view that GoJ needs to use this tool to its best effect and *“avoid being deflected in its application by some degree of local opposition to new housing development.”*

**KEY FINDING C2:** Planning policies are evolving to recognize the need to improve access to land with development potential. The re-zoning of sites to cater specifically for affordable housing development is not generally used in other jurisdictions such as the UK, however it is a useful policy tool, particularly when land is in short supply, such as is the case in Jersey.

ARK further explains that having land classified with a specific use of affordable housing for development land should create a natural cap on land value and that this should be significantly below that associated with market residential development because of the long-term restrictions on tenure. ARK stresses that it will be important for GoJ to work with local valuers to establish properly what the appropriate value should be for plots of development land restricted to affordable housing use. Moreover, if development economics are working properly, *“that value is the headline worth of zoned sites which then also needs to reflect their inherent abnormal development costs, for example for creating new site infrastructure. Those costs should be deducted from the already constrained value of affordable housing development land.”*

ARK’s report accepts that there is a balance to be struck between the cost of zoned affordable housing land to new schemes and the price secured by willing landowners. That can usually be arrived at by allowing a reasonable uplift from existing use value and which arrives at something usually referred to as ‘benchmark land value’ (BLV). ARK comment that affordable housing schemes or zoned sites should not generate value above BLV.

**KEY FINDING C3:** Having land classified with a specific use such as affordable housing should create a natural cap on land value which is significantly below market residential development. This is due to the long-term restrictions on the tenure of the site. There is, however, a balance to be struck between the cost of re-zoned land for affordable housing and price secured by willing landowners. This balance can usually be achieved by permitting a reasonable uplift from existing use value which arrives at a ‘benchmark land value’ (BLV).

**RECOMMENDATION B2:** The Council of Ministers should ensure that some follow-up study is carried out, with input from an experienced RICS accredited Jersey valuation practice before the end of Q2 2022, on establishing appropriate benchmark land value for sites zoned, or in some other way restricted, for affordable housing development. The output from this work should help to manage expectations on land price for all relevant parties and support the development economics of affordable housing schemes.

## Construction sector constraints and limitations

There was little comment within submissions made to the Panel on how construction sector constraints and limitations might be a challenge for the delivery of more affordable homes. However, the Jersey Construction Council commented in their submission to the Panel that there are four main factors which influence the cost of building in Jersey:



### 1. Labour

The costs of unskilled, low-skilled, specialist, professional and technical resource, including training and supervision.

### 2. Land

The availability of suitable land (either greenfield or brownfield).

### 3. Materials

Raw materials extraction and production, manufacture, transport, shipping and waste of materials and goods

### 4. Risk

The risks being managed by a builder in coordinating the delivery of all the above elements.<sup>77</sup>

It is apparent that recent inflationary cost rises in raw materials such as timber and steel and others will inevitably impact on higher build costs. The UK Department for Business, Energy and Industrial Strategy recently announced that the construction materials shortage and price hikes saw the cost of building materials surge 23% in August compared to one year ago.<sup>78</sup> Additionally, there has been considerable disruption to supply chains which will inevitably impact on Jersey, as it is the UK. There is also a very real risk of labour shortages as result of Brexit. With this in mind, the Panel sought to understand what plans the Government of Jersey has to support skills development and capacity within the construction sector:

*Q. Does Government have any specific programmes or plans to support skills development and capacity in the construction sector?*

*A. This is an issue we will seek to work closely with construction industry partners on as part of the new Strategic Housing Partnership. Currently government supports skills development through relevant further education provision.*

*Q. Could Government intervene more directly to support construction capacity and might this include specific initiatives in relation to modern methods of construction?*

*A. The government already supports significant delivery through the programmes of Andium Homes and SOJDC. The role of government in promoting modern methods of construction (MMC) is currently being considered by a political working group that is expected to report next year.<sup>79</sup>*

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<sup>77</sup> [Written Submission – Jersey Construction Council](#)

<sup>78</sup> UK Department for Business, Energy and Industrial Strategy cited in [Construction Materials Shortage: Materials Costs Rise 23.5% in a Year](#)

<sup>79</sup> [Minister for Housing and Communities – Response to Written Questions - August 2021.](#)

**KEY FINDING F1:** Fluctuating prices and inflationary pressures on building and construction materials and disruption to supply chains may inevitably have an adverse impact on pushing up higher build costs and ultimately the delivery of new housing developments.

**KEY FINDING F2:** The Government of Jersey is seeking to address the issue of skills development and concerns of capacity within the construction sector by working with industry partners as part of the newly formed Strategic Housing Partnership. Currently, Government supports skills development through provision of further education.

In the public hearing, Jersey Development Company gave their views both on capacity of the construction in terms of labour and also on the increasing cost of raw building materials:

***The Connétable of St. Brelade:***

*Given that it is easy to talk about these numbers but the reality is constructing them is more challenging, what capacity does Jersey's construction sector currently have, both in terms of labour and skilled operatives, to meet these targets for new homes?*

***Managing Director, Jersey Development Company:***

*I think it is widely known that the market at the moment is extremely busy. To deliver the Horizon project, Jersey Development Company introduced a new main contractor to the Island in the form of Group Legendre, which is the tenth largest construction company in France, with a mind to the future in terms of the Island's capacity and requirements going forward. During the last recession we did lose 2 or 3 main contractors and it was important that we had a strong pool of main contractors going forward. On the delivery side, a number of the projects that we have been involved in, and that other developers and contractors have been involved in, do rely upon off-Island subcontractors, not only to supplement the local capacity but also there may be specialist elements to the builds that require an off-Island specialist subcontractor to be parachuted in. A number of these projects, if I take the I.F.C. (International Finance Centre) as an example, our I.F.C. 1 and I.F.C. 5, the entire superstructure and envelope of those buildings were provided by off-Island subcontractors. They are present on the Island for the period within which their work package is on site and then they depart. That has been a way to, as I say, increase the capacity of the Island and has been successfully deployed on previous deliveries.*

***The Connétable of St. Brelade:***

*We are in this post-Brexit phase, do you anticipate issues with supplies or increased cost of materials which would impact on the delivery of your projects? We are hearing of 30 per cent increases in steel prices, similar for timber and a scarcity of glass on the Island. What effect will that have on your projects, do you think?*

***Managing Director, Jersey Development Company:***

*Ultimately, the viability of these projects is paramount and we assess the viability of those proposals as we go through the various design stages. Ultimately, we are reliant on main contractors to build out the product and we will tender those builds as and when we are ready in terms of the development on the design, et cetera. But we will not enter into those contracts until we are satisfied that the project is ultimately viable. We are keeping a very watchful eye on these developments. As you say, there have been significant increases reported on raw materials and*

*that will translate into high build cost. We are very cognisant that across the world there seems to be stimulus packages and infrastructure projects, whether it be China, the U.S. (United States), Europe, the U.K. (United Kingdom), all Governments are looking to stimulate their economies on the back of the pandemic and raw materials are now in short supply.*

**The Connétable of St. Brelade:**

*Do you anticipate this being a spike or will it be long term, this general price increase in raw materials?*

**Managing Director, Jersey Development Company:**

*We do not know at this juncture. I think the demand we anticipate being a spike but whether the reduction over time will bring prices back down is yet to be seen. I think it is too early to say at this juncture.<sup>80</sup>*

Jersey Construction Council also commented in their written submission that one option to lower the costs of construction would be to treat tariffs placed on building materials imports for housing differently.<sup>81</sup> The Panel understands that some materials are tariff free whereas others attract a specific tariff rate depending on what the material is and where it has come from. Tariff rates are determined in the UK Global Tariff which Jersey is obligated to apply as a Crown Dependency of the UK. Some materials may attract a tariff rate if it arrives from a third country (which now includes the EU, as a result of Brexit). However, if the material meets the Rules of Origin as set out in a corresponding Free Trade Agreement then no additional tariffs will apply. Prior to Brexit all goods were able to move freely within the EU, as well as Jersey, without incurring tariffs or the need to prove origin.

It is evident that Government will need to work with industry to overcome construction sector constraints. It is clear to the Panel that alongside adequate skills promotion, Government should consider suitable incentive options that might relieve pressure on the industry.

**KEY FINDING F3:** The construction sectors in both the UK and Jersey are becoming stretched to capacity and increases in raw materials will be contributing to higher build costs, which in turn will have an effect on the viability of schemes but also the cost of new homes. There are shortages in some building materials and whilst it is hoped this will be temporary, pressures on labour and materials will be a considerable ongoing challenge for the construction sector which will need to be monitored closely over the coming months / year.

**RECOMMENDATION F1:** The Council of Ministers, in partnership with providers, constructors and construction-related consultants, should expand construction and development skills opportunities for young people and for existing workers in the industry. The aim of which will be to enhance the sector's potential and productivity. This should be prioritised and implemented in 2022 and continuing beyond 2022.

**RECOMMENDATION F2:** The Council of Ministers should consider suitable options for providing Government-led incentives to ease pressure on the construction sector and to ultimately help facilitate the development of more housing amidst various barriers the industry

<sup>80</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 6-7](#)

<sup>81</sup> [Written Submission – Jersey Construction Council](#)

will inevitably face with labour/skills shortages, supply chain disruption and rising cost of building materials post-Brexit. This should be carried out before the end of Q2 2022.

## 4 Addressing the supply of affordable homes: Government policy

### Draft Bridging Island Plan 2022-25

[The Draft Bridging Island Plan](#), Jersey's overarching policy framework against which planning decisions for future development will be made, was published on 19 April 2021 for public consultation. The plan aims to ensure the delivery of sustainable development that will meet the needs of the community, as well as balancing the future economic, environmental and social needs of the island. It sets an ambitious target of delivering 4,150 homes by 2025, of which up to 1,500 are intended to be affordable homes and 2,650 open market homes.

As set out in the [Preferred Strategy](#), the Bridging Island Plan adopts a near-term planning assumption of growth in the island's population of around 4,000 people over the five years covering 2021-25, based on an average annual increase of +800 per year. The development and adoption of this near-term planning assumption has been informed by available evidence and trends related to population dynamics and changes to demographic profiles; the anticipated impact of future Government policies relating to migration; and informed assumptions regarding the impact of the coronavirus pandemic and Brexit on inward migration and population change.

The key policies related to housing within the plan are:

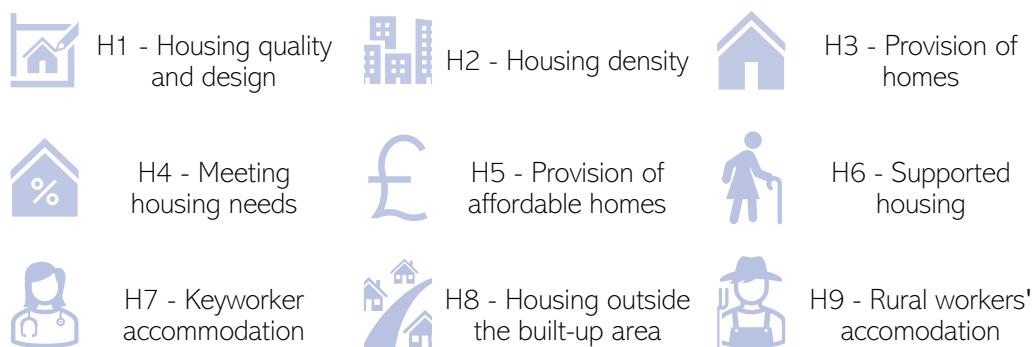


Figure 5 - Key housing-related policies in the Draft Bridging Island Plan 2022-5

Under policy H5 of the proposed Bridging Island Plan are a number of proposed sites deemed possible for the rezoning of land for affordable housing. The evidence base from which these sites are proposed is set out in the [Housing Land Availability and Site Assessment](#).

The main sources of housing supply, as outlined in the [Housing Land Availability and Site Assessment](#), are:

- homes under construction
- sites with planning permission



- capacity of the town
- Government of Jersey, and arms-length bodies-owned sites
- 'windfall' outside of town
- extensions to the built-up area (rezoning)

The Housing Land Availability and Site Assessment was initiated by a 'call for sites' by the Government of Jersey whereby landowners, developers and others were able to register sites to be considered for development, or protection from development, in the Island Plan. This process, which ran from December 2019 to February 2020, generated 330 sites being put forward for consideration for housing, both for open market or affordable.

The call for sites process sought to elicit details as to the availability of the sites for the delivery of homes and those which have been assessed were stated as being available. These sites were selected for assessment as there was a willingness on behalf of those controlling the land to offer it to be considered for development. Although sites elsewhere may be more suitable for the provision of homes, if the land is not available for development, its consideration for this purpose is not appropriate or valid on the basis that it would not be capable of delivering the development of homes.

Following the site assessment process, 16 sites emerged as the most suitable to being able to deliver the range of homes required. Further details on the chosen sites can be found in appendix 1 of the [Housing Land Availability and Site Assessment](#).

Aware that a number of contentious sites were subject to proposed amendments to the Draft Island Plan for their removal, the Panel wished to ascertain the risk this posed to the future delivery of affordable homes:

***The Connétable of Grouville:***

*Thank you. There are a number of amendments proposed to remove proposed housing sites from the draft Island Plan. What contingency is there if this happens?*

***The Minister for the Environment:***

*Well, at the moment there is no proposal in the draft plan for what used to be called reserve sites. That has been done before. I took a decision not to do so. I am quite clear that I will not be supporting the amendments to remove a number of sites in the draft plan because I think what would happen is that the whole balance of the plan, where we have concentration of new homes within the strategic extensions of the built up area and then allowing the village communities to become more sustainable and breathe with a little bit of expansion ... I thought that was a very good balanced plan. My fear is that if I cannot sustain those arguments through the inquiry and the States we will end up potentially with a very unbalanced plan. What contingency is in there? Well, I suppose as Minister, according to what the inspector says, then I do have the ability to do late amendments and also I would have to consider that. There are amendments and proposals to allocate new sites but some of those do have the potential to be able to distort the sustainable balance of the plan as a whole. That is important. At the moment we have a pretty high rating for sustainability in it and if that balance was to go because some of the urban sites are removed and then we end up trying to put all the homes on the countryside sites, I think that balance will go.*

### **The Connétable of Grouville:**

*What happens if the amendments are accepted by the States?*

### **The Minister for the Environment:**

*I think that will be a severe disappointment. I am going through the amendments now. In a matter of 2 weeks' time Members will see my comments in public on all of the 60 amendments, and they are all being gone through individually so I do not want to come out with a blanket answer, but on the housing sites we have some proposals to take some urban sites out and then we have got some proposals to put rural sites in. Without commenting on them individually, what I am worried about is the overall balance of the strategic approach to housing strategy and development of land, because we have to remember we also have to think about traffic, we also have to talk about schools, drains...<sup>82</sup>*

**KEY FINDING C4:** A total of 16 sites have been identified in the Draft Bridging Island Plan as suitable for re-zoning for affordable housing. There is, however, concern that the number of sites will diminish if various amendments to the Plan are successful in removing them from the Plan. Whilst it is acknowledged that there may be other amendments which are also successful in bringing additional sites forward, there is nonetheless a degree of risk that sites will be removed and the target delivery of homes will not be realised as anticipated.

The Panel questioned various stakeholders on whether they perceived the target figures of 2,650 open market and 1,500 affordable homes set out in the Draft Island Plan were sufficient and achievable:

*It seems unlikely that 1,500 homes would meet the demand, but it is difficult to assess the extent of the demand, as distinct from need, for affordable homes. The Affordable Housing Gateway is some measure of the need for affordable housing, but affordable housing providers have generally been of the view that the Gateway's current structure does not enable all the need for affordable housing to be identified... The target of 1,500 homes does seem achievable with the developments already in the pipeline, and the adoption of the Bridging Plan in respect of release of sites formerly protected under the 2011 Plan, and the requirement on developers to provide affordable housing. [CTJ Housing Trust](#)*

*"...the Bridging Island Plan has identified sites throughout the island for over 1,500 units. Yet, as a cross-industry representative body, the JeCC have very little confidence in any of these targets, aims or aspirations being met under the present disaggregated approach to planning their delivery." [Jersey Construction Council](#)*

<sup>82</sup> [Public hearing with the Minister for the Environment, 27 July 2021, p. 8-9](#)

*"If the numbers don't take account of the shortfall not delivered under the last Island Plan then I don't see how it can be adequate? Based on the numbers delivered or not delivered in the last 10 years, the target of 4,000+ in the next 4 years is highly ambitious and probably not achievable...the current Island Plan has failed to deliver the targeted number of homes, so can't see this one being any different...Its very likely to not be adequate, and most very likely it will not be delivered."* [Association of Jersey Architects](#)

*[the target delivery of homes] is dependent on:*

1. the Planning process,
  2. the cost of materials and labour
  3. the cost of the sites.
  4. the availability of labour and materials
  5. the suitability of infrastructure such as mains drains, mains water, and traffic management.
- [Jersey Estate Agents' Association](#)

**KEY FINDING A5:** Some stakeholder views expressed a lack of confidence in the Bridging Island Plan housing delivery targets being met over its lifespan. One housing provider expressed the view that whilst the affordable housing delivery target will likely be met, it is unlikely that 1,500 affordable homes is sufficient to meet demand.

In the public hearing with Jersey Development Company, the Panel was keen to hear JDC's views on how the rezoning of land might contribute to the timely delivery of affordable housing and whether the sites identified for re-zoning are the right sites. The response was as follows:

***Managing Director, Jersey Development Company:***

*As I referenced earlier, we need to be allowing 4 to 5 years for the delivery of these developments and 5 years is for your very large apartment schemes; your housing schemes may be delivered within 3½ to 4 years. Assuming that those rezoned sites are approved, it is then down to the landowner to agree an arrangement with the developer and for that developer to then draw up plans to realise those new units of accommodation and then build out the product. The delivery time, it can be delivered within the timeline but, as I say, it requires the landowners themselves to be in agreement with those proposals and also the Parishes within which they are located. Assuming that those discussions have taken place and that the bridging Island Plan is approved with the rezoned sites included with a willing landowner to redevelop, those can be realised within the period.<sup>83</sup>*

## Island Public Estate Strategy 2021-35

As highlighted in Figure 4 'Barriers to the supply of new homes - Key themes from scrutiny submissions' in the previous chapter, there is a perceived lack of strategic approach and timely decisions over the use or disposal of Government-owned sites for affordable housing.

The use of Government-owned land to help meet the need for affordable homes is identified as a policy objective of the [Island Public Estates Strategy 2021-35](#). The Draft Bridging Island Plan confirms that a number of Government-owned sites, within the built-up area, have been

<sup>83</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 11](#)

identified as having the potential to contribute to the provision of affordable homes over the plan period and are already the subject of development briefs and planning applications. The plan proposes a ‘residential delivery and management strategy’ to ensure that public land and assets deliver affordable housing sites. It is proposed that this be delivered under the auspices of the Island Public Estate Strategy, as well as a new strategic housing co-ordination team within Government.

Some of the Government-owned sites identified currently remain in active use and the timing of their release, and their potential to contribute towards the need for affordable homes is unknown. It is, however, estimated by the Government of Jersey that up to 425 affordable homes will be delivered from Government-owned sites over the period of the Bridging Island Plan which include:



Le Bas Centre



The Limes



Westaway Court



La Motte Street



St Saviour's  
Hospital (part)



Ambulance  
Station

Figure 6 - Government-owned sites identified for housing within the Draft Bridging Island Plan 2022-25

In their report, ARK Consultancy remark that whilst the Estate Strategy “recognises the importance of GoJ land promotion and disposals to the success of implementing the Government’s wider objectives for community assets, it makes very limited mention of the importance of delivering affordable homes on some GoJ sites (identifying it as an ‘opportunity’ but setting no specific objectives for achieving this).”

The Panel shares ARK’s view that this seems surprising given the identification of specific GoJ sites for affordable housing development in the Draft Bridging Island Plan and the Housing Action Plan. The Panel considers that the Estates Strategy, albeit a high-level policy document, should outline how it will prioritise the release of land for housing as well as how the strategy joins up with other key policies, namely the Draft Bridging Island Plan and Housing Action Plan.

ARK further concluded that the role of publicly owned land is critical to the success of improving housing supply. There are a number of sites in public ownership already identified for new affordable housing and the Panel shares ARK’s view that the sites already identified

for new affordable housing take too long to come forward for scheme development. Moreover, that GoJ can lead the way and create a step-change in affordable housing production by speeding up the release of its own sites to affordable housing providers.

**KEY FINDING E2:** Sites already identified for new affordable housing take too long to come forward for development. The Government of Jersey has the opportunity to lead by example and create a positive step-change in affordable housing production.

The Panel questioned the Minister for Infrastructure on the rationale for why the Island Public Estate Strategy does not include specific actions related to the release of Government-owned assets to support the delivery of affordable housing. The Minister's response was as follows:

*The Property Strategy is a high-level document that sets the framework for the development of a fit-for-purpose, modern estate; consolidating the management of all our property assets as part of a single Corporate Landlord Model to governance and decision-making.*

*With regards to how the strategy will prioritise affordable housing delivery, a key strategy action is the development of asset management plans that will then determine how sites are used in the future and which will then identify any potential alternative uses, such as affordable housing.*

*Furthermore, the Strategy sets out in section 8.2 a clear opportunity that will arise from the actions to review the current portfolio, which states;*

*"Generating land for affordable family housing and efficiencies of Government operations by consolidating sites with initiatives such as the one government an office proposal which is indicated in the strategic objective."<sup>84</sup>*

The Panel is of the view that given the release of Government-owned sites is a vital first step in delivering affordable housing, this should have featured more prominently within the Estate Strategy with a clear plan of direction as to how it will prioritise land release for housing.

**KEY FINDING E3:** The Island Public Estate Strategy, accepted as being a high-level strategy document, nevertheless lacks sufficient strategic detail on a plan for the timely release of Government-owned sites for affordable housing. It identifies this as an 'opportunity' but setting no specific objectives for achieving this and only refers to the development of asset management plans to determine how sites are used and to identify any other potential uses, such as affordable housing.

In the public hearing with Jersey Development Company the Panel questioned what JDC's understanding was of how the Island Public Estate Strategy will contribute to the provision of affordable housing. JDC responded as follows:

***Managing Director, Jersey Development Company:***

*There are a number of Government sites that are currently either included within their health service or within their office estate and the delivery of the new hospital and the delivery of the new office headquarters for the Government will release a number of sites.*

*My understanding is that those sites have been identified by Property Holdings and there is a timeline being attached to those sites as to when they may be available for redevelopment. I think*

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<sup>84</sup> [Minister for Infrastructure - Response to Written Questions - August 2021](#)

*it is about having early sight of those opportunities and ensuring that the planning and design processes on those sites that are to be released can start 2 or 3 years before the release date, so that at the point that those sites become vacant, literally the contractor can start on site, otherwise you end up in a delay. That is something that I know Property Holdings are working on and, as I say, a number of those sites currently still in use will only be freed up once those strategic developments have been taken forward.<sup>85</sup>*

In response to whether any resourcing issues had been identified that might hinder progress on the release of Government-owned sites for affordable housing, the Minister responded as follows:

*Delays in delivering major projects, notably the new hospital and one Gov office, could hinder progress on the release of sites. The new TOM in the property department is not yet completed or recruited.<sup>86</sup>*

It is the Panel's view that Government resources and other competing priorities as outlined in the Minister's response pose a very real and credible threat to the successful and timely delivery of affordable housing.

**KEY FINDING F4:** There is a potential and credible risk that Government resources and other competing project priorities, such as the new hospital and office modernisation project will hinder the timely release of Government-owned sites and, consequently, the delivery of affordable housing targets.

**RECOMMENDATION F3:** The Council of Ministers should consider ways in which to mitigate, as far as possible, the potential risk of other competing priorities and lack of resources from delaying the release of Government-owned sites. Opportunities should be explored to fast-track the release of land as swiftly as possible and before the end of Q1 2022.

ARK concluded in their report that Government should consider purchasing new sites in order to enable site assembly if this enables land to be released for development. The Panel asked the Minister for Infrastructure for his views on this and was provided with the following written response:

*The acquisition of new sites will need to be evidenced and supported through the CAMB with clear business cases and supported by Treasury before they are then approved by the States as set out in standing order 168 (1) (a). They will then need to be included as capital projects in future Government Plans.<sup>87</sup>*

The Panel notes the Minister's response, although it remains unclear whether this will be actioned by Government or not. The Panel shares ARK's view that the GoJ has the power to acquire new land, for example zoned sites which are taking too long to reach development stage and this should be utilised to speed up delivery of new housing developments.

**KEY FINDING C5:** It is unclear whether the Government of Jersey will be actively pursuing the option of purchasing of housing sites in order to enable and facilitate site assembly of viable affordable housing developments.

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<sup>85</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 9](#)

<sup>86</sup> [Minister for Infrastructure – Response to Written Questions – August 2021](#)

<sup>87</sup> [Minister for Infrastructure – Response to Written Questions – August 2021](#)



**RECOMMENDATION C3:** The Council of Ministers should outline whether it is the intention to seek the purchase of sites for site assembly of viable affordable housing developments. This should be outlined in the Ministerial Response to this scrutiny report, along with i) a rationale of why, if it is not the intention or ii) an outline timeframe if it is the intention.

## Creating better homes: an action plan for Jersey

The 'Creating better homes: an action plan for Jersey' was published in June 2021 and sets out a series of policy actions and delivery target dates for addressing housing affordability. The five main priority aims of the Action Plan are:

- stronger system leadership
- an increase in supply and managing demand
- rental choices for all
- help to own a home
- building stronger communities and putting children first.

Across each of the five priority areas are a number of intended actions, the majority of which, the Minister hopes to achieve within the next year, with a remaining few extending into future years. The summary of actions, as well as the timetable for achieving these, are both laid out on page 9 of the Plan, as follows:

Priority	Action	Summary
Stronger system leadership	1A	A new strategic housing partnership
	1B	Stronger political oversight and leadership
	1C	A new Strategic Housing and Regeneration team
Increase supply, manage demand	2A	An 80% increase in housing starts by 2025
	2B	1000 new affordable homes by 2025
	2C	A long-term pipeline of land release in place by the end of 2021
	2D	The tools to manage migration demand
Rental choices for all	3	A Fair Rents Plan
	3A	Renewed social rents policy
	3B	Housing gateway eligibility
	3C	Expand tenant protection
	3D	Address excessive rent rises
	3E	Social housing regulator
Help to own a home	4A	Support for affordable purchase
	4B	Ensure access to mortgage products and advice
	4C	Increase access to family homes with greater support for right-sizing
	4D	Use of share transfer contracts
Build stronger communities, putting children first	5A	A strategic focus on putting children first
	5B	Support for individuals with housing needs
	5C	Increased supply of new key worker accommodation
	5D	Better homes at the heart of the Jersey Care Model
	5E	Integrated planning and housing policies

Figure 7 - Summary of actions - Housing Action Plan<sup>88</sup>

<sup>88</sup> [Creating better homes: an action plan for housing in Jersey \[R.98/2021\] - June 2021](#)

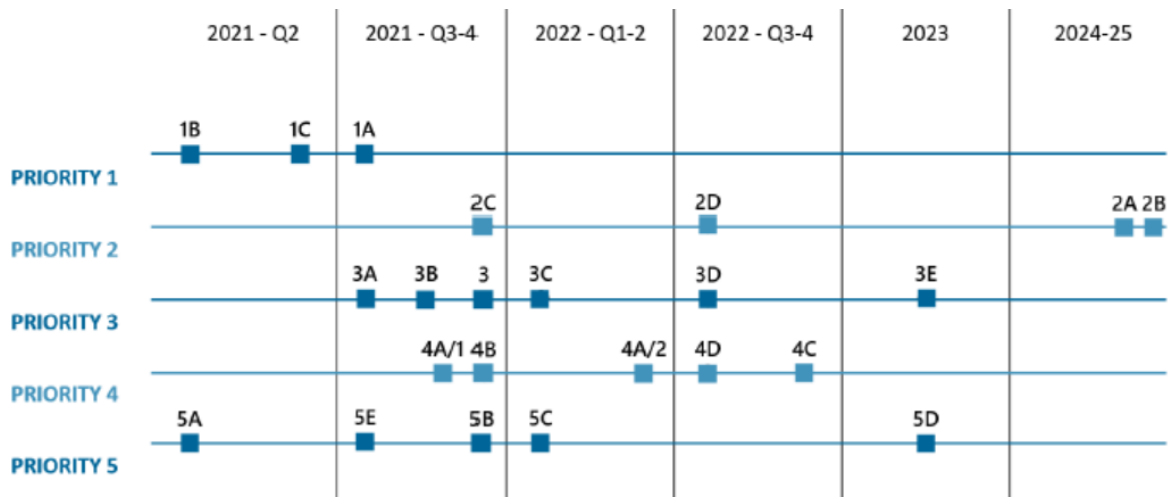


Figure 8 - Timetable for Housing Action Plan<sup>89</sup>

The Panel was keen to understand how each of the actions contained in the Action Plan will be successfully monitored:

*Q. Minister, what is the planned mechanism for monitoring achievement of the actions set out in the Housing Action Plan?*

*A. There will be a designated lead officer for each action area within the 5 broad categories that comprise the Creating Better Homes Action Plan. Where applicable action milestones will be actively managed through an internal project management tool. A senior officer will have overall responsibility for monitoring progress across all areas of the action plan.*

*Q. Does the Better Homes Political Oversight Group have a role in this monitoring?*

*A. Yes. The Political Oversight Group will provide strategic and political oversight of the development and delivery of the Creating Better Homes Action Plan, including progress towards outcomes.<sup>90</sup>*

**KEY FINDING E4:** A Political Oversight Group will provide strategic and political oversight of the development and delivery of the Housing Action Plan, including progress made towards achieving its outcomes.

**RECOMMENDATION C4:** The Minister of Housing and Communities should advocate a strong role for what is described as ‘housing enabling’ within the function of the Strategic Housing and Regeneration Team. Active enabling will include a range of Government-led initiatives covered elsewhere in our recommendations; however, it also describes a practical level of support for delivery partners to bring schemes forward and an energetic programme management role. This will identify early blockages to progress with schemes and co-ordinate action across Government and with partners to get schemes back on track.

As part of ensuring the successful delivery of the Housing Action Plan, the Panel considers that Government should explore the scope and delivery of housing supply strategy in other jurisdictions. The aim of which would be to learn what has, or has not, worked well, any comparisons which can be drawn with Jersey’s situation, as well as potential opportunities for

<sup>89</sup> [Creating better homes: an action plan for housing in Jersey \[R.98/2021\] - June 2021](#)

<sup>90</sup> [Minister for Housing and Communities – Response to Written Questions - August 2021](#)

the Island. The Panel is aware that Northern Ireland, for example, is in the process of building a new strategy on housing supply, with the aim of publishing this in early 2022.<sup>91</sup> It would therefore be a useful exercise for the Minister for Housing and Communities and Government officials to open a dialogue with counterparts in other jurisdictions, such as Northern Ireland, and to share experiences.

**RECOMMENDATION E2:** The Minister for Housing and Communities and Government officials should engage with counterparts in other jurisdictions on a semi-regular basis to share and learn from other experiences in relation to housing supply strategy, including the successes, challenges and scope for opportunities.

## Government resources and joint working

Based on the evidence gathered and as highlighted in ARK’s report, there is a recognised shortfall in personnel and skills within the Government of Jersey to support current levels of housing production, including processing planning applications. Furthermore, ambitious new targets will only accentuate the disparity between target expectations and the resources to turn expectation into reality.

The general consensus amongst stakeholders, the Panel’s expert advisor and the Minister for Environment himself, is that Government is vastly under-resourced within Planning. Jersey Development Company did not pass comment on this in the public hearing but did comment that they had not experienced any significant delays.



*“...we do engage early with Planning on our proposals and to date that has stood us in good stead with regards to the actual receiving approval and enabling us to move forward. Ultimately, it is working alongside the department in order that we deliver within their expectations and an adherence to policy.”*  
Jersey Development Company<sup>92</sup>



*“...we waited some considerable time for the development brief on that which held us up noticeably. The expeditious arrival of development briefs, et cetera, would be greatly welcomed.”*  
Andium Homes<sup>93</sup>



*“The matter of resourcing the Planning process is also of significance and one that the JeCC have been working on with the Planning Department. Despite the costs of Planning applications increasing at a rate far higher than inflation, the reasons provided by the Planning Department to our members for delays in processing Planning applications have become ever-more frustrating. There are presently over 500 Planning applications awaiting determination...”*  
JeCC<sup>94</sup>

<sup>91</sup> [Department for Communities – Northern Ireland Government](#)

<sup>92</sup> [Public Hearing with Jersey Development Company, 13 July 2021, p. 4](#)

<sup>93</sup> [Public Hearing with Andium Homes, 28 July 2021, p. 4](#)

<sup>94</sup> [Written Submission – Jersey Construction Council](#)

Andium Homes made the further point that given the scale of what is required to be delivered in the Draft Bridging Island Plan and the scale of the capital projects included in Andium's programme of works, the planning system must be sufficiently resourced to achieve this.<sup>95</sup>

**KEY FINDING F5:** There is an apparent disparity between the experience of Jersey Development Company, who do not appear to have experienced significant delays in the planning application process. This is in stark contrast to the experiences described by Andium Homes and the Jersey Construction Council who both have indicated that the planning team is considerably under-resourced, causing major issues with delays to approval of planning applications.

In the public hearing with the Minister for the Environment, the Panel sought to understand the challenges with under-resourcing and what was being done to address the issue.

**The Connétable of Grouville:**

*Thank you. Minister, submissions made to the panel have commented on the lack of resource in the Planning Department, the lack of timeliness and delays in processing planning applications. Given the focus on increased delivery, can you explain how the additional workload within the Planning Department is to be resourced?*

**The Minister for the Environment:**

*Thank you, Chair. That is a good question. I have been very open about this. I have been very critical of the effect of government reorganisation has had on the planning team and in fact the I.H.E. team that have shed staff as a result of the target operating model and have gone through huge changes and uncertainty in the last 3 years. As a result we lost very experienced staff and we have ended up, I am afraid, with a number of teams who are demoralised and feel very let down by the States. My information is they are looking to leave the States employ and go into the private sector. I am extremely worried about it... If we look at the volume of workload that we have now, with the backlog of planning applications - because after COVID-19 they are flooding back in and good job they are - and what we are going to see from the development in the next 3 years, I desperately need some flexibility in H.R. (human resources) policies and an end to the dreadful mess that our previous chief executive saddled us with in terms of the I.H.E. fundamentally flawed target operating model that has caused immense damage. Sorry, Chair, it makes me so angry. I cannot reassure you...*

**The Connétable of Grouville:**

*Are you saying that under the current conditions that it is unlikely that the situation will improve and therefore that the hopes for affordable housing, planning permissions, et cetera, will be inevitably delayed?*

**The Minister for the Environment:**

*I would not say "inevitable" but at the moment they are at risk. There is that risk. It is a serious risk, unless we can deal with the staffing issue. It is not just planning. I have to tell you know our building control officers are extremely dissatisfied. Many of them have told me they are about to leave. These professionals are just not replaceable. They have a lifetime of experience. They are not generally available to recruit anyway. Who would want to come to Jersey? We cannot recruit anyway because of our high housing costs and what we have done in terms of their pay, conditions and career prospects. We have a serious problem...*

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<sup>95</sup> [Public Hearing with Andium Homes, 28 July 2021, p. 5](#)

**The Connétable of Grouville:**

*Is there a blockage at the moment, Minister?*

**The Minister for the Environment:**

*At the moment, I am afraid, we are not making progress on this. I am sorry, but there we are.<sup>96</sup>*

Following the public hearing, the Panel wrote to the Minister with additional questions. In response to whether some work, such as development briefs, could be outsourced to ease the pressure on the Planning team, the Minister responded as follows:

*Q. Given the very stretched resources of the planning team and the need for additional support, would the production of Development Briefs for affordable housing sites be a good ring-fenced project which could be procured externally, and help ease pressure on planners?*

*A. Supplementary planning guidance, including development briefs for affordable housing sites, is produced by the Place and Spatial Planning Team in the Strategic Policy, Planning and Performance directorate. This team is responsible for the development of all planning policy and guidance.*

*Development briefs for affordable housing sites will be prioritised following the approval of the new Island Plan, if approved, to enable the provision of affordable homes. The options for undertaking this work, relative to the resources and other priorities of the team, will be kept under review and subject entirely to available resources. There may be scope to commission certain briefs, or elements of briefs, from external providers under the professional guidance of the Place and Spatial Planning Team.<sup>97</sup>*

**KEY FINDING F6:** There is uncertainty as to whether the Government of Jersey will utilise outsourcing options for the production of development briefs in order to temporarily address resource constraints within the Planning team. Instead, it is commented that this option will be 'kept under review.'

**RECOMMENDATION F4:** The Minister for the Environment, should ensure that the Government of Jersey identifies aspects of both the work of the planning team and the housing enabling team which could be turned into projects suitable for advancement with the help of external support. Obvious candidate activities include the formulation of development frameworks/briefs and the creation of a programme management tool for monitoring affordable housing production. This should be identified by January 2022, with a view to implementation within the first quarter of 2022.

**RECOMMENDATION F5:** The Minister for the Environment should ensure that, without delay, the production of development frameworks for larger affordable housing sites has dedicated resourcing and that the responsibility of overseeing the production of these frameworks should sit with a suitable senior civil servant within the planning team.

As mentioned earlier in this report, a previous Scrutiny review undertaken in 2015 highlighted concerns over a lack of adequate resourcing for housing policy within Government. The Strategic Housing Unit was created in 2013 resulting from the adoption of [P.33/2013](#) – Reform of Social Housing. One of the key findings of our predecessor Scrutiny Panel was that a *“lack of manpower resources available to the Strategic Housing Unit may increase the risk of delays*

<sup>96</sup> [Public Hearing with the Minister for the Environment – 27 July 2021, p. 20-1](#)

<sup>97</sup> [Minister for the Environment – Response to Written Questions – August 2021](#)

*in delivering the Housing Strategy objectives.*<sup>98</sup> Certainly, it would appear to be the case that this has been a contributing factor to delayed housing policies and delivery of tangible action by Government to date.

The Panel is, however, pleased to note that strong leadership and resourcing of suitable housing expertise is prioritised in the new Housing Action Plan and that a new Strategic Housing and Regeneration team will be created, led by the Interim Head of Strategic Housing and Regeneration who was appointed in September 2021. The size of the new team is, however, unknown at this stage.

*Q. What is the intended size of the new Strategic Housing and Regeneration Team and will its recruitment have to await the arrival of the new interim head of that team in October?*

*A. The design and recruitment of the team is intended to take place under the leadership of the new interim head, starting from early September.*<sup>99</sup>

In order to identify if there might be any continuing deficit of adequate housing staff resources within Government, the Panel wished to ascertain whether the Minister for Housing and Communities felt there were any perceived gaps remaining in the resourcing of the new Strategic Housing and Regeneration Team:

*Q. Are there gaps in the resourcing of the new Strategic Housing and Regeneration Team and if so how can they be addressed?*

*A. It is anticipated that the available resource is sufficient to meet the functional requirements of the new team. This will be tested throughout the design and recruitment phases that will be led by the new interim head, starting from early September. This will include discussion with housing delivery partners, and other parts of Government, about the best way to deploy available resources.*<sup>100</sup>

**KEY FINDING F7:** An Interim Head of Strategic Housing and Regeneration has been appointed in September 2021. It is anticipated that ongoing recruitment for the newly formed Strategic Housing and Regeneration Team will be sufficient to meet requirements of leading and co-ordinating strategic housing policy initiatives within Government, although the intended size of the team is currently unknown.

In their report, ARK Consultancy stress the importance of improving key staff retention levels within the civil service. The following recommendations are made with the aim and intention of addressing these issues.

**RECOMMENDATION F6:** The Council of Ministers should, as an immediate priority, work in conjunction with the new Chief Executive on a plan to improve staff morale and retention levels across the civil service. Included in this plan, should be targeted policies for identifying key roles and attracting and retaining staff to these roles. This should be reported back to the States Assembly before the end of Q1 2022.

**RECOMMENDATION F7:** As an immediate priority, The Minister for the Environment should, identify the extent to which the planning team is short on personnel sufficient to support the planned increase in housing production. Once that shortfall is clarified, the Government of Jersey should develop a recruitment (and retention) strategy which aims to have planning (and

<sup>98</sup> [S.R.5/2015 – Supply of Housing Scrutiny Review](#)

<sup>99</sup> [Minister for Housing and Communities – Response to Written Questions - August 2021](#)

<sup>100</sup> [Minister for Housing and Communities – Response to Written Questions - August 2021](#)



housing enabling) staff classified within the definition of a key worker. This should be completed before the end of Q1 2022.

Throughout the course of the evidence gathering process, it became apparent to the Panel that there was further scope and opportunity for GoJ to assist in promoting joint development ventures between Jersey Development Company, Andium Homes and other housing providers. The College Garden development was noted as an example of a previous successful collaboration resulting in the provision of differing tenure types of accommodation. In a response from the Minister for Infrastructure, the Panel noted the following:

*SoJDC is the Government's property development agent with a first-class record in delivering high quality developments and Andium has transformed the affordable housing portfolio to meet the best standards in design and increase supply. There is therefore some logic for a degree of collaboration on site development in the future that can further both company objectives and that more importantly benefit the people of Jersey.<sup>101</sup>*

**KEY FINDING E5:** There is further scope and opportunity for joint ventures between various stakeholders in housing and property development to share expertise and deliver mixed, affordable housing developments moving forward.

The Supply of Housing Scrutiny Review conducted in 2015 found that communication between Government and key players within the housing industry had significantly reduced. The report stressed it was imperative that a forum be created where concerns could be voiced and discussed with the aim of finding solutions to Jersey's housing situation. The recommendation was made that a working group be established consisting of key stakeholders. The Panel is therefore pleased to note that Action 1A of the Housing Action Plan seeks to establish a Strategic Housing Partnership comprising of Government, community and industry stakeholders.<sup>102</sup>

In their report, ARK Consultancy stressed the importance of partnership working to improve delivery of new affordable homes, specifically between GoJ, local communities, providers and constructors. Moreover, for GoJ to lead the way in formalising these initiatives with the aim of clarifying roles, responsibilities and potential returns, as well as helping parties to share risk effectively.

**RECOMMENDATION E3:** The Minister for Housing and Communities should, before the end of Q1 2022, consider how Government can help facilitate large housing developments by encouraging suitable developments to be delivered via joint delivery partners where appropriate, including, but not limited to: Andium Homes, Jersey Development Company, parishes, developers and constructors. Moving forward, it should be a key role of the Strategic Housing Partnership and Strategic Housing Regeneration Team to proactively facilitate this. The Government of Jersey should lead the way and this could include risk sharing partnerships on land promotion, including site remediation where appropriate.

<sup>101</sup> [Minister for Infrastructure – Response to Written Questions – August 2021](#)

<sup>102</sup> Action 1a – Creating better homes: an action plan for Jersey

## 5 Delivering affordable homes: challenges and opportunities

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### Role of affordable housing providers

The Panel wished to understand the roles, capacity and future aspirations of each of the affordable housing providers, as well as the challenges they face and the support they require from Government. The Panel held a public hearing with Andium Homes and received written submissions from the following housing providers:

- Christians Together in Jersey Housing Trust
- Jersey Homes Trust
- Les Vaux Housing Trust

In the public hearing with Andium Homes, the Panel requested a breakdown of the types of homes Andium would be seeking to deliver over the lifespan of the Draft Bridging Island Plan:

***The Connétable of St. Brelade:***

*What are your business projections for the delivery of new homes during the lifetime of the draft bridging plan? Can you provide a breakdown of the type and tenure of the new homes, social rented or affordable purchase, shared equity, et cetera?*

***Chief Executive, Andium Homes:***

*We are looking to produce some 1,306 homes by 2025, predominantly those will be 2s and 1s, that is why we are particularly interested in the rezoned sites because that will give us the opportunity to build more family-type accommodation, 3-bedroomed houses. Predominantly we will be doing obviously rental but we would also be mixing in there with opportunities to purchase. I think it is an opportunity to mention that of course we are selling some of our own existing stock, and that will be an additional 300 homes through our Andium Homebuy scheme up to 2025.<sup>103</sup>*

...

***Chief Executive, Andium Homes:***

*... We have been talking for some considerable time about the transfer of government sites. What we need is a decision and he<sup>104</sup> supports that, and that is part of our submission on the Island Plan, is that make the decision on government sites, let us know what is coming our way or to the other providers. What we can do, we can potentially lease back the sites that are currently still being used but it will enable us to, for instance, spend some money on the feasibility so that we can go through that planning process so that when these sites are transferred to us we are ready to go, we have a shovel in the ground, so to speak. That is highlighted in this and we have support from the Minister for it.<sup>105</sup>*

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<sup>103</sup> [Public hearing with Andium Homes, 28 July 2021, p. 3](#)

<sup>104</sup> The Minister for Housing and Communities

<sup>105</sup> [Public hearing with Andium Homes, 28 July 2021, p. 8](#)

Jersey Homes Trust commented in its submission to the Panel that “*regrettably the Action Plan will fail to mention any role for the Housing Trusts.*”<sup>106</sup> The submission continues by explaining that the contribution of the Housing Trusts to the supply of affordable housing has not been insignificant over the years and that:

*The Jersey Homes Trust has the track record, the experience, the ambition and the available finance to make a further useful contribution. The Trusts should not be viewed as competitors to Andium Homes, but as a good and healthy co-provider, offering choice and alternatives. They should be appreciated and supported...Government-owned sites suitable for housing development must be released to social housing providers. Clear guidance must be given to Property Services that their stewardship of all such sites implies a priority to achieve affordable housing provision before any secondary consideration of achieving sale proceeds. As matters stand, Property Services have no such clarity of purpose.*<sup>107</sup>

Christians Together in Jersey (CTJ) Housing Trust state that its more recent housing projects have been targeted at providing homes for individuals with vulnerabilities and has largely been supported housing, in conjunction with other agencies and charities such as Shelter and JAYF. CTJ Housing Trust further comment that it would see its continuing role in the provision of affordable housing being to progress with provision of these types of “extra care” homes in the built-up area. However, its ability to do so will be subject to availability of sites at a price that Housing Trusts can fund. Loans provided by commercial lenders is at a reduced sum because of the reduction in value when a site is designated for affordable housing. This results in the Housing Trust having to fund the difference out of income. CTJ explained that is an extremely limiting factor when competing with private developers who “*can afford to build up land banks and are less constrained in the amounts which they can offer for sites.*”<sup>108</sup>

In comparison, Les Vaux Housing Trust commented that two of their estates, Landscape Grove and Perquage Court, are in need of significant investment in order to meet Decent Homes Standard and it is intended to carry out major works on these estates within the next five years. There will be no additional provision of affordable homes at Landscape Grove, however, there is potential for additional units to be created at Perquage Court, subject to planning approval. For this reason, Les Vaux Housing Trust does not consider it will play a major role in the delivery of affordable homes before 2025.

Les Vaux also commented that its ability to borrow further funding for the redevelopment of Perquage Court, as well as any new developments, will be restricted by valuations of their overall portfolio of properties. Given the lower rental income social housing properties attract, they are consequently valued significantly below the open market.<sup>109</sup>

**KEY FINDING D3:** The majority of affordable housing providers anticipate making contributions to the additional supply of affordable housing over the lifespan of the Bridging Island Plan. However, there is a lack of appropriate, available sites and reliance on limited commercial loans is hindering them from doing so. The release of suitable Government-owned sites across all affordable housing providers would help address this issue.

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<sup>106</sup> [Written Submission – Jersey Homes Trust](#)

<sup>107</sup> [Written Submission – Jersey Homes Trust](#)

<sup>108</sup> [Written Submission – CTJ Housing Trust](#)

<sup>109</sup> [Written Submission - Les Vaux Housing Trust](#)

**RECOMMENDATION C5:** The Council of Ministers should seek to release identified sites in its ownership for affordable housing schemes before the end of Q2 2022. Consideration should be given to how disposal processes can be sped up in return for provider commitments on building out sites within an agreed period.

**RECOMMENDATION C6:** The Council of Ministers should ensure that identification and release of suitable Government-owned sites should be made available across all affordable housing providers where appropriate. Consultation should take place across all the affordable housing providers by January 2022 to understand their financial delivery models, varying affordable housing products and required site characteristics to enable informed decisions to be made in relation to meeting the development needs of the provider as well as the best, most efficient use of the sites following their release.

**RECOMMENDATION C7:** The Council of Ministers should consider whether, for some of the sites earmarked for affordable housing, Government could enter early disposal deals with providers which allow the providers to progress pre-contract development work and Jersey Property Holdings to continue in use of the existing buildings until an agreed contractual deadline.

**RECOMMENDATION D4:** The Council of Ministers should consider the release of Government-owned sites for affordable housing at less than their market worth. Any subsidy thereby invested in schemes could be protected by means of a second charge on the resultant development schemes.

## Role of Jersey Development Company

As part of its evidence gathering process, the Panel sought to explore the current role of Jersey Development Company, in addition to any future scope and opportunity in expanding its role in regard to affordable housing delivery.

In the public hearing, the Panel specifically asked JDC about its regeneration role and whether this would conflict with any future possibility of contributing to the provision of affordable homes:

***The Connétable of St. Brelade:***

*You could say that Jersey Development Company's role is principally to regenerate; what role really do you think you can play in the provision of these affordable homes? Is there a conflict with your core regeneration role?*

***Managing Director, Jersey Development Company:***

*I think there is a balance. Ultimately, if there was a pure affordable housing delivery requirement on a site, then obviously the Government has its other arm's length entity, Andium Homes, that could deliver on that basis. Equally, if there is a mixed-tenure site, as we ended up with at College Gardens, then that is a delivery that Jersey Development Company is willing and able to carry out.*

*A number of the sites may incorporate other elements of public infrastructure, again, that Jersey Development Company would be willing to deliver on behalf of Government.*

**The Connétable of St. Brelade:**

*You partnered with the Jersey Homes Trust at College Gardens, have you got future plans for J.D.C. to partner again with them or other affordable housing providers for the delivery of social-rented homes?*

**Managing Director, Jersey Development Company:**

*Not at present, Chair. If we are asked to deliver affordable rent properties, then that will be a discussion that we will have with the various trusts and providers at the time. When we started those discussions with the Jersey Homes Trust, Andium had not yet been formed and so it was still the former Housing Department and so we entered into those negotiations with the Jersey Homes Trust. But going forward, obviously Andium Homes may be also interested in acquiring product that we may produce.<sup>110</sup>*

**KEY FINDING E6:** Jersey Development Company currently has no plans to partner with any affordable housing providers on future developments, although is open to the prospect of this, provided the right balance can be found with its core regeneration role.

The Panel questioned Jersey Development Company further on whether they would be likely to be involved in out-of-town projects. The response was that it was not really what JDC was set up to do, however it would readily support Government in that delivery if directed to do so. It was thought that there were already sufficient delivery vehicles to support and deliver out-of-town development.<sup>111</sup>

The Panel sought to understand JDC's role in the future provision of both first time buyer and older peoples' housing. JDC responded as follows:

**Managing Director, Jersey Development Company:**

*I think we very much recognise the need for encouraging home ownership and supporting first-time buyers on the property ladder. As referenced earlier, we do have the stage payment arrangement for the deposit that is supported in the order of 150 first-time buyers on to the housing market. We are also assessing the level of presale that we require in order for us to commit to construction projects under P.73/2010 that established Jersey Development Company, that hurdle is very high, certainly higher than the commercial market would expect. If that were to be reduced, then there is an opportunity for J.D.C. to then focus solely on first-time buyers in terms of the presale component. I think the other side that we can also look to support, as you rightly reference, is the right sizing. We are very conscious that the last census of 2011 identified 41 per cent of owner-occupiers under-occupying by 2 or more bedrooms. This would reference that there are a number of family homes that are potentially available for resale, only in the event that those owners can be encouraged to downsize. I think the difficulty that having spoken with various Islanders on this particular item is the community within which they have lived for many decades in a number of cases and they do not want to relocate to an apartment in a remote Parish. I think it is about delivering a product within the Parish that would encourage those individuals or couples to downsize but it is also ensuring that the sale of their property is also*

<sup>110</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 10](#)

<sup>111</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 17](#)

*targeting the right person or family. It would not achieve the right objective if that family home then did not end up being occupied by a family going forward. I think there certainly is a role for Jersey Development Company to play in providing a product that people would like to downsize into but we do recognise that the majority of our developments are within St. Helier and that might not be within the community that these people currently live. As I say, there are various opportunities, some of which will exist on our developments within St. Helier, those that want to be closer to amenities and possibly have various facilities within the building itself. But, equally, there will be those that wish to remain within the Parishes that they have grown up in, so it is looking...*<sup>112</sup>

**KEY FINDING D4:** Jersey Development Company recognises the need to encourage and support first time buyer access to homeownership. JDC currently offers a staged payment arrangement for first time buyer deposits and is also looking at addressing the high level of presale requirements which enable them to commit to construction projects, as it is their view that if that were to be reduced, there would be more opportunity for JDC to focus solely on first-time buyers in relation to presales.

**KEY FINDING A6:** Jersey Development Company recognises the need to encourage right-sizing options, as well as the role it can play in supporting this to provide a product that people may wish to right-size into. JDC acknowledge that this presents an opportunity if those people wish to live within St. Helier and the amenities it provides. Conversely, it may present a challenge if they have lived in other parishes and their desire is to remain within that community.

The Panel further sought to understand whether there was future scope for JDC to sell a certain percentage of homes on the development at cost price to build for these homes to be sold to first time buyers who may not be able to afford the full market price. JDC explained that this was similar to the delivery model at College Gardens where 40 units were sold as shared-equity and therefore at a significant discount to the market:

***Managing Director, Jersey Development Company:***

*Yes. I think that is a similar situation to what we delivered at College Gardens where we had 40 units that were sold as shared-equity units to first-time buyers at a significant discount to the market. Again, that is something that we are investigating. We are very conscious that with the increase in house prices at the moment there are a number of Islanders that are being priced out of affording their own home. But there will be a growing number that will be earning too much to participate in an Andium home-buy product, where I think the cap is presently a household income of £80,000 allows you to access a shared-equity unit with Andium. But £80,000 household income today will mean that you still cannot participate in home ownership.*

*We are looking at ways in which we could support that middle position where, effectively, households are forced into the private rental market with no support. That is something that we are very conscious of and we are in discussions with our shareholder and with the Minister for Housing and Communities to ensure that it aligns with government policy. In response to your specific question, Deputy Gardiner, it comes down to the financial viability on these projects. As*

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<sup>112</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 12](#)



*a Government-owned entity, there can be a discussion and a decision taken to accept less profit or lower land value for ensuring a delivery, as you referenced.<sup>113</sup>*

Given the significant discount granted to first time buyers through the shared equity model, the Panel was keen to understand further how it would be ensured that the properties remain as first time buyer properties in perpetuity, so that once they are sold on, other first time buyers are able to benefit:

***The Connétable of Grouville:***

*Just to go back to what you said a couple of minutes ago about College Gardens and the affordable to buy homes, I think you said that when they are sold on the equity is kept by the Government. Do they not then become non-affordable homes again?*

***Managing Director, Jersey Development Company:***

*Thank you, Constable, that is a good clarification. The units are shared equity and the purchasers need to qualify through the Housing Gateway. Providing that the unit is sold to another eligible first-time buyer who has qualified through the Gateway, the Government's participation in equity will remain in that unit. It is only in the event that there are no eligible buyers within the Housing Gateway and from a mortgage provider's perspective there was the ability for those units to then be sold in the open market in order to enable that mortgage provider to be able to be repaid. We are not envisaging any of those scenarios unfolding, so the share of the equity remains with Government.<sup>114</sup>*

**KEY FINDING D5:** Purchasers need to qualify for affordable housing to purchase a shared equity property in the College Gardens Development. Provided these units are sold to another eligible first-time buyer, the Government's equity will remain in that unit. This would only not be the case in the event there are no eligible buyers from the Housing Gateway and that a mortgage provider required the sale of a unit(s) to be sold on the open market, to enable the mortgage to be repaid. It is not envisaged that this is likely to occur.

In their report ARK suggest there is potential for subsidising affordable housing with the benefit of cross-subsidy from market tenures which could (and should) be exploited more fully by GoJ and partnering providers. Aside from providers like Andium leading development schemes with mixed tenure and inherent cross-subsidy, it is ARK's view that Jersey Development Company also has a potentially important role to play in generating affordable housing from part of the proceeds of its market residential and commercial development. ARK further makes the point that planning obligations requiring market developers to deliver affordable housing on their sites is also a form of cross-subsidy.

**RECOMMENDATION D5:** The Council of Ministers should, together with providers, promote further opportunities for the cross-subsidy of affordable housing by market housing or commercial development where realistic. For the avoidance of doubt, the Panel is not advocating including market homes on sites zoned for affordable housing; that would compromise the operation of that important planning policy. We do, however, see merit in advocating a more pronounced role for Jersey Development Company in the potential cross-subsidising of affordable homes. Additionally, JDC and Andium Homes together could

<sup>113</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 13](#)

<sup>114</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 15-6](#)

potentially adopt a partnership approach to many residential schemes, especially where cross-subsidy could deliver affordable homes.

## Role of the parishes

Several submissions highlighted a desire to see parishes having more of a role in affordable housing delivery, as well as consistency in the affordable housing product(s) provided.<sup>115</sup>

One particular submission commented that:

*There is no joined up approach between the parishes, particularly in relation to housing for the elderly. Taking St. Brelade as an example - there are a vast number of elderly people still living in the Quennevais Park/ Clos de Sables in homes they bought as first time buyers in the early 1960s. However these were originally built for young families and so are often totally unsuitable for the aged or infirm... St. Ouen on the other hand for example, does have a very limited stock of sheltered housing, however there is a waiting list and in any event these are only 1 bed units. Because of their needs though, elderly couples often require 2 bedrooms.*

*With regard to Parish schemes for first time buyers, these are only made available to people who live or have a connection to the Parish, but this is discriminatory and a much fairer system based on needs, should be put in place.<sup>116</sup>*

Jersey Construction Council remarked that the rules applicable to first time buyer housing models differs between parishes, making it difficult for potential first-time buyers to understand how to qualify. It was further commented that it is “arguable that there is a lack of transparency on the criteria required to qualify for a Parish first-time buyer scheme, and the way that members of the Parish sometimes apply the criteria.”<sup>117</sup>

**KEY FINDING E7:** There is a desire to see the parishes have a more supported role in the delivery of affordable homes, as well as to see a more unified approach to the type of affordable housing product(s) available, including a level of consistency in the application of the qualifying criteria.

In a submission, Ian Touzel, Chairman of Le Comité de la Commune Rurale de St Jean (an elected body set up by the Parish of St John to represent the Parish and Parishioners in the Island Plan Review process) explained that over the last 50 years, the Parish of St. John has sought to provide the following different types of housing required within the Parish. This has generally been Parish-led schemes in partnership with developers:

1. affordable housing for families,
2. sheltered housing for pensioners (Maison Le Vesconte administered by the Greenwood Trust), and
3. step-down housing to encourage “right-sizing” within the Parish

In early 2020 Le Comité de la Commune Rurale de St Jean conducted a survey of Parishioners, the results of which formed the basis of initial engagement with the Island Plan Review Team, in addition to a formal submission to the Draft Bridging Island Plan 2022-2025.

<sup>115</sup> [Written submissions available to view online at statesassembly.gov.je](https://statesassembly.gov.je)

<sup>116</sup> [Written Submission – Anonymous 3](#)

<sup>117</sup> [Written Submission – Jersey Construction Council](#)

Mr. Touzel further explains that the results of the survey demonstrated the continuing high level of support amongst Parishioners for the above types of Parish led developments. Consequently, the Parish then identified suitable sites within the Parish of St. John for all 3 categories which were then submitted to the “call for sites”. The Comité was “*extremely surprised when none of these were included in the draft Bridging Island Plan.*”<sup>118</sup>

In another submission, the Connétable of St. Peter commented that one particular site in the Parish of St. Peter which is identified and proposed in the Draft Bridging Island Plan is on prime agricultural land and whilst the Parish is “delighted” that one site has been chosen, others on less desirable land, however, were not selected, despite “*being able to accommodate similar levels of housing and having access to services etc.*”<sup>119</sup>

The Connétable further commented that despite there being a demand in rural areas for affordable housing, the criteria set for making land available will, in fact, result in only a small percentage of affordable homes being built outside of St. Helier. The Connétable’s view is that the long-term impact of this will be that rural centres “*will not survive as the shops and other businesses need additional families within our areas on order to be financially viable in the long-term.*”

The Connétable also raised that the type of housing planned on the affordable housing sites is restricted to three and four bedroom family homes. The Parish’s recent experience with a site which was not passed by the UK Planning Inspector,<sup>120</sup> was that there is a demand within the Parish for affordable one and two bedroom units, yet sites identified do not accommodate this.<sup>121</sup>

Jersey Construction Council also suggested that:

*“Several Parishes have recently applied for sites in their parish to have their present Planning Use Class changed from agricultural or Green Zone to housing as a part of the Bridging Island Plan, and were unsuccessful. The next opportunity they will have to do this (noting that any further ‘change of use’ applications are now being deferred until after the present Bridging Island Plan) could be as late as 2025. A change of use application can take anything up to 18 months to realise. Then there is the applications for Planning Consent and Building Bye-law permissions (another 18 months). So, it may be 2028 before work even starts on some of these sites.”*<sup>122</sup>

**KEY FINDING A7:** The evidence and views provided by some parishes does not appear to have been taken on board fully during the Draft Bridging Island Plan process, which has led to sites being proposed in the Plan which do not reflect evidenced local parish housing need. Sites suggested by some parishes have not been included in the Plan and there are also concerns that the sites which are proposed will not cater for the appropriate proportion and mix of housing by type, size and tenure.

The Panel questioned the Minister for the Environment on how the Draft Bridging Island Plan will ensure the parishes have a strategic role in assisting with the delivery of affordable housing:

<sup>118</sup> [Written Submission – Ian Touzel – Chairman of Le Comité de la Commune Rurale de St Jean](#)

<sup>119</sup> [Written Submission – Connétable of St. Peter](#)

<sup>120</sup> It is the Panel’s understanding that applications are not determined by planning inspectors. Decision-making, on appeals, rests with the Minister for the Environment

<sup>121</sup> [Written Submission – Connétable of St. Peter](#)

<sup>122</sup> [Written submission – Jersey Construction Council](#)

*Q. Minister, how will the Draft Bridging Island Plan ensure the parishes' have a strategic role in assisting with affordable housing delivery?*

*A. I have engaged with the parishes throughout the preparation of the draft Island Plan to ensure that they have had an active role and contribution to planning to meet the need for affordable homes, both at a strategic and local level.*

*I greatly appreciated the support and effort of those parishes that have fully engaged in this process.*

*Once the new Island Plan is approved, I would encourage those parishes, where sites have been allocated for the provision of affordable homes, to work with landowners and parishioners to help ensure that development proposals for these sites are prepared that meet the community's needs and aspirations and help meet the island's strategic need for affordable homes.<sup>123</sup>*

**KEY FINDING E8:** The Minister for the Environment has engaged with the parishes throughout the Draft Bridging Island Plan process “to ensure they have had an active role and contribution to planning to meet the need for affordable homes, both at strategic and local level”. However, at least two parishes have suggested that their submissions of evidence of the types of homes and sites required for the parish have not been taken on board and are not provided for in the proposed Plan.

Similarly, the Panel also questioned the Minister for Housing and Communities on how the parishes could assist with the provision of affordable homes:

*Q. In submissions made to the Panel, views have been expressed suggesting parishes could make a more significant contribution to housing supply. In your view, how might they assist, especially with provision of affordable homes?*

*A. Parishes have traditionally played an important role in housing supply and continue to do so. The Minister for Housing is aware that Parishes have been involved in each stage of the Island Plan Review, and indeed the Minister has himself met recently with Parish representatives to understand their views. The Minister is keen to encourage Parishes to play a range of roles, which might include coordinating or sponsoring development of affordable homes; using Parish resources and networks to acquire or promote land for development; facilitating the input of local residents through surveys, Parish Assemblies and other mechanisms; and providing strategic local input to policy development and plan making.<sup>124</sup>*

**KEY FINDING E9:** The Minister for Housing and Communities is keen for parishes to play a range of roles in the provision of affordable homes. The Minister has suggested this might include: “coordinating or sponsoring development of affordable homes; using Parish resources and networks to acquire or promote land for development; facilitating the input of local residents through surveys, Parish Assemblies and other mechanisms; and providing strategic local input to policy development and plan making”.

Action 4C of the Housing Action Plan also sets out a further role for the parishes (along with Andium Homes) to support right-sizing opportunities to increase access to family homes.

<sup>123</sup> [Minister for the Environment – Response to Written Questions – August 2021](#)

<sup>124</sup> [Minister for Housing and Communities – Response to Written Questions – August 2021](#)

The Minister for Housing and Communities will work with the Minister for the Environment, Parishes, Andium Homes and others to develop a policy framework to support right-sizing, in order to increase access to family homes.<sup>125</sup>

In its submission, the Association of Jersey Architects argued that the concept of downsizing / rightsizing is “*fundamentally flawed*” and questioned why those living in a large house in the outer parishes would downsize “*to a two bedroom flat on the upper floor of some faceless town flat development to free up a bigger property*”. AJA, instead advocates more mixed size & tenure developments in the outer parishes, alongside additional provision for small scale retail / business in the outer parishes.<sup>126</sup>

In their report, ARK Consultancy acknowledges the tensions between some parishes and the Government of Jersey around the zoning of some sites for affordable housing, particularly green-field sites. Furthermore, ARK advocates that Government should remain assertive in its promotion of the zoned sites identified in the Draft Bridging Island Plan given that these sites are a crucial component in the range of new supply initiatives needed for the Island. ARK identifies the importance of the role the parishes can play as positive promoters of affordable housing schemes in their areas, including identifying windfall sites.

**RECOMMENDATION E4:** The Minister for Housing and Communities should ensure that from the outset of its formation, it should be part of the continued role of the Strategic Housing Regeneration Team to engage actively with parishes across Jersey in the pursuit of improving affordable housing supply. Parishes should also have representation in the Strategic Housing Partnership.

In chapter two, we recommended identifying and agreeing a suitable affordable housing purchase product based on a sound methodology for assessing housing affordability. Recommendation 54 below recognises the need to bring a level of consistency across the parishes and other providers in regard to the delivery of an affordable purchase product delivery. The aim of which is to make it less confusing for prospective purchasers and need not preclude parishes from applying local connection criteria if there is local need.

**RECOMMENDATION E5:** The Minister for Housing and Communities should ensure that the parishes are engaged to support any new affordable purchase product so there is a consistent approach to low-cost home ownership. This should not preclude allowing local connection criteria to be applied, although eligibility should be assessed based on the policy guidelines governing the Affordable Housing Gateway.

## Role of the private sector

In a submission from the Association of Jersey Architects, the suggestion was made that Government should promote and incentivise private sector build-to-rent schemes which have been introduced in the UK and elsewhere and from which there are positive lessons for Jersey to learn from.<sup>127</sup>

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<sup>125</sup> Action 4C – Increase access to family homes with support for right-sizing - Creating better homes: an action plan for Jersey

<sup>126</sup> [Written submission - Association of Jersey Architects](#)

<sup>127</sup> [Written Submission – Association of Jersey Architects](#)

In 2017, the Future of London non-profit policy network organisation, together with the London School of Economics and Political Science, published the 'Making the most of build-to-rent' report. The report discusses the opportunities provided by the concept of building developments for the specific use of renting to prospective occupiers. With appropriate support, build-to-rent can provide high-quality housing at scale which offers security of tenure, encourages community and has a positive effect on neighbourhoods. Getting build-to-rent right requires skill, long-term thinking and a level of compromise from all sides.<sup>128</sup>

The Panel's expert advisors, ARK Consultancy, noted that the Draft Bridging Island Plan makes no mention of the role of the private rented sector and how that might be promoted through the planning system to assist with meeting housing need, particularly given that the qualified private rental sector, according to the Jersey housing and living statistics, makes up 19% of the market.<sup>129</sup>

The Panel asked the Minister for the Environment for his views on what role the private sector could play through possible build-to-rent schemes. The Minister responded as follows:

***The Minister for the Environment:***

*...What you are really asking me is about alternative tenures, are you not? My worry at the moment, about alternative tenures, is that what we have seen, and this is more a market issue than a planning issue, is a huge tendency for buy-to-let properties. I personally have been uncomfortable about that. I accept the fact that we need a mix of tenures. We need to have rented housing as well as house purchase. However, lots of figures I have seen say that with interest rates being so low, owning your own house is cost effective but, of course, you need a deposit. The role for government in that is to provide access through lending. That is another area where joining up government ... the absence of the States Loan Scheme has been a real loss to the Island's people. Yes, they can get low interest rates, but it is still pretty hard with deposits and there is nowhere near the choice there used to be. If government were to re-establish that loan facility ... I mean, here we are borrowing billions of pounds for the hospital and everything else, why could we not borrow for home loans to try and help. One thing I would do is I would stop people buying buy-to-lets, buying 4 flats and so on to build out rental portfolios...<sup>130</sup>*

Given the clear distinctions between buy-to-let and build-to-rent investment models, the Panel considers that an opportunity exists for Jersey to utilise a build-to-rent model to make positive contributions to placemaking and community facilities, as well as providing tenants with a high-quality home, built to the best design standards and with the added benefit of greater security of tenure. Research will need to be undertaken to ascertain whether the build-to-rent model is suitable for Jersey, however, the general premise of this opportunity is worthy of further investigation by Government in order to ascertain whether future policy should be directed towards incentivising and promoting this type of development.

**KEY FINDING A8:** Build-to-rent provides a potential opportunity and role for the private sector to assist in contributing to the delivery and supply of decent housing, and at scale. It differs from buy-to-let on the basis that it is built and designed specifically for tenants and offers the best design standards, facilitates placemaking and promotes better community living and facilities. It also offers prospective tenants better security of tenure than traditional buy-to-let.

<sup>128</sup> Future of London / London School of Economics and Political Science – [‘Making the most of build-to-rent’](#)

<sup>129</sup> Source: 2011 Census Data

<sup>130</sup> [Public hearing with the Minister for the Environment, 27 July 2021, p. 19](#)



Further research will need to be undertaken to assess whether there is appetite for build-to-rent schemes, as well as how to ensure scheme viability.

**RECOMMENDATION G7:** The Minister for the Environment, in conjunction with the Minister for Housing and Communities should investigate further whether build-to-rent is a suitable development/investment model for Jersey to pursue and if so whether Government should incentivise and promote this model through planning policy. This research should be carried out by Q2 2022 by the Strategic Housing and Regeneration Team and through consultation with the Strategic Housing Partnership and other key stakeholders. As a starting point, it should consider whether there is appetite for this type of development from both developers, investors, and prospective occupiers. Ministers should report back to the States Assembly with the outcome of this work before the new Government term.

## Planning policy requirement for a proportion of affordable homes on residential sites

The Draft Bridging Island Plan 2022-25 does not explicitly introduce a policy on the setting of requirements for a percentage of affordable homes on new developments. Instead, the Plan only specifies the possibility of this in the future and that if a mechanism was introduced, *“restrictions would also be put in place to ensure that proposed contributions to the Sustainable Communities Fund were viable, proportionate and appropriate in light of the contribution made by the delivery of affordable homes.”*<sup>131</sup>

The Panel questioned the Minister for the Environment further on this in the public hearing:

**The Connétable of Grouville:**

*The introduction of a proportion of affordable housing as a planning requirement for market housing sites is not included within the draft Bridging Island Plan, although it is signalled as a longer-term aspiration. Can you explain the reason for this?*

**The Minister for the Environment:**

*There has been a lot of debates over that during the consideration of the draft plan. Basically the end result is that it was not recommended to me by the officer team who worked on it. They concluded that on balance it was better to have an alternative policy about some kind of levy to a community fund. The downside of that, of course, is that it will need a new law, as I see it, or I think it will - I stand to be corrected if I have that wrong. What we want to be getting the supply from is from the publicly owned sites. That is the best place to get those but we could go back ... I think there are ... again, I am working through 60 amendments, I do recall there is one there where there is a proposition for putting in such a requirement. It was done before. The principle of the H3 policy is in the plan but I think it has been put in there for reserve in the future. I am just reading up. It is in there. Yes, it is covered in H3, it is in the Island Plan with a view to it being used as a mechanism in the future but not in this short-term plan. The focus of the short-term plan is on delivering the States owned sites.*<sup>132</sup>

<sup>131</sup> [Draft Bridging Island Plan 2022-25](#)

<sup>132</sup> [Public hearing with the Minister for the Environment, 27 July 2021, p. 13-4](#)

Further comment was made by the Director of Strategy and Innovation in the public hearing with the Minister for Housing and Communities:

**Director of Strategy and Innovation, Strategic Policy, Planning and Performance:**

*...I think you can see with a couple of key policies the Sustainable Communities Fund and the sort of proposal around the incorporation of affordable homes as a proportion of open-market development. Effectively, an initial choice, a political choice was made to preference the Sustainable Communities Fund in the draft Island Plan ahead of the percentage of affordable homes policy. Principally that is about understanding of where the construction market is at the moment and some of the wider ambitions of the Island Plan, for example, to increase standards on thermal efficiency, to increase consideration over the sort of planning and amenity matters. The Sustainable Communities Fund, which has set a proposal, would come first and as and when it was viable to us to incorporate affordable homes as a proportion of open-market development, that would be brought forward, it is suggested, at that time. The assessment we had done was that it was, effectively, not really viable to try and do both at the same time currently.<sup>133</sup>*

**KEY FINDING G4:** The Draft Bridging Island Plan 2022-25 does not propose setting a policy requirement for a percentage of affordable homes on new development sites. However, it is suggested that this could be a policy proposal in the next longer-term Island Plan. The aspiration and focus of the shorter-term Bridging Island Plan is on delivering Government-owned sites for affordable housing.

**KEY FINDING G5:** The Draft Bridging Island Plan 2022-25 proposes the use of a Sustainable Communities Fund in preference to a policy requiring a certain percentage of affordable homes on new developments. The rationale provided for this is due to construction sector limitations and other wider ambitions of the Island Plan, such as increasing standards on thermal efficiency and amenity space etc. It was not deemed viable to implement both policies at the same time.

Views were expressed to the Panel that there should be a planning policy in place which requires a certain proportion of affordable homes on new residential housing sites:

**The Connétable of St. Brelade:**

*...The introduction of a percentage of affordable homes as a planning requirement for market sites is to be further considered. Would you welcome such a policy and is it workable?*

**Chief Executive, Andium Homes:**

*I would welcome it. I think it is, frankly, long overdue. I think it has been talked about before. I think it is very sensible. I think it is workable. I do not suppose it will be particularly popular but, in all honesty, when you look at the developments, when you look at the profits involved with companies that are delivering these homes and selling them on the open market, et cetera, it is perfectly acceptable to ask that an element of those developments is affordable, in my view.*

**Executive Lead, Digital and Strategy, Andium Homes:**

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<sup>133</sup> [Public hearing with the Minister for Housing and Communities, 27 July 2021, p. 14](#)

*Can I interject? You talked about the workability of it, Constable. Of course, the workability of such a scheme goes beyond the initial purchase. If you are going to make sure you lock in the benefit of those affordable homes for future owners and future generations, you need to have the mechanisms in place to ensure that the resales are targeted at the right people. For instance, if it was a scheme similar to Homebuy where you had part of the value secured in some kind of bond or second charge on the property to ensure that there is not profiteering going on, you need a mechanism and you need an agent. In our response on the Island Plan, what we have suggested is we are the only affordable housing provider who does affordable sales through the Gateway. We have assisted the Jersey Homes Trust and we are currently assisting the States of Jersey Development Company with resales at College Gardens, for instance, because of our knowledge in this area and the fact that we have that relationship with the Gateway and with the buyers and with borrowers too. If we are going to have individual private developers creating affordable housing, and particularly if that affordable housing was for purchase, you might need an agency such as us that can ensure that those sales as they go forward are made to the right people, people passing through the Gateway, and that the security in terms of the affordability bonds are protected in the long term.<sup>134</sup>*

**KEY FINDING G6:** Andium Homes would welcome planning policy setting out requirements for a proportion of affordable homes on new housing developments, however for it to be workable, they suggest that a suitable mechanism would need to be put in place to ensure that the proportion of affordable homes are sold to those who need them and so there is no scope for ‘profiteering’. In addition, the sales of those homes would need to ensure that they remain as an affordable unit for future onward sales.

The Panel also questioned Jersey Development Company on what implications there might be if a policy was introduced setting a requirement for a certain percentage of homes on new developments. JDC’s response was:

**Managing Director, Jersey Development Company:**

*The developments that we are undertaking, and in particular the wider waterfront proposition, there is extensive public infrastructure and public realm to be delivered alongside those new residential units. Fundamentally, the project has to be self-funding; there is not going to be any support from Government in the delivery of those products. We need to balance the financial equation and ensure that the feedback that we have received to date from the Islanders that have participated in the consultation is that they want to see a destination waterfront, a mixed use and vibrant waterfront, a landscape-led waterfront, recognising that there will be a need for significant residential accommodation but, importantly, they want the activation of the ground plane and the balance between the open space and the built space. All of those new parks and gardens, the new cultural and sport and leisure facilities, ultimately need to be funded. It is the profits from the residential and the commercial components of that scheme that are going to finance what we term the public infrastructure. It is a balance that we are still working our way through in order to determine how we can support the delivery of affordable units.*

...

**The Connétable of St. Brelade:**

*Just to focus on the affordable housing element, is there a target of something like, shall we say, 50 per cent, given that you have got to make the whole business case stack up? There must be,*

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<sup>134</sup> [Public hearing with Andium Homes, 28 July 2021, p. 18-9](#)

*shall we say, the rear of a property, such as South Hill, which will be of lower value due to the situation than the front with a view? Do you try and factor those areas of a development in to achieve an acceptable amount of affordable housing?*

**Managing Director, Jersey Development Company:**

*What we have done, Chair, is on College Gardens obviously we were required under the development brief and under direction from the Regeneration Steering Group and the Minister for the Environment at the time to deliver a set proportion of affordable units. On that particular development we had 187 apartments, of which 40 were affordable rent and 40 were shared equity to eligible first-time buyers that had qualified through the Housing Gateway. We have also on our open-market units supported first-time buyers by allowing them to reserve their unit with just a £2,000 reservation fee and then a staged payment of the 10 per cent deposit over the build period. We have enabled in the order of 150 first-time buyers on to the property ladder through that arrangement. Going forward we are looking at ways in which we can further support home ownership and first-time buyers and we are working with our shareholder and the Minister for Housing and Communities to establish how we can support that in line with government policy. I think there is a clear differential, shall I say, between the remit of Andium Homes, for example, and the remit of Jersey Development Company? The affordable delivery is being primarily met by the activities of the other Government arm's length entity, Andium Homes.<sup>135</sup>*

**KEY FINDING D6:** The proportion of affordable units provided for in Jersey Development Company's residential developments needs to factor in other requirements such as delivery of substantial public infrastructure and public realm within the development in order for development schemes to stack up financially. JDC intends to utilise the profits from the residential and commercial components of each scheme to finance the public infrastructure element.

In September 2021, the Council of Ministers presented R.139/2021 – Housing Policy Guidance: Housing Affordability and the South Hill Development and subsequently R.157/2021 – Action on Housing – Recent Progress and Waterfront Guidance. Both reports outlined that a minimum of 15% of the units on both developments would be required to be sold as affordable shared equity units to first time buyers. The States Assembly is due to debate a proposition lodged by Senator Sam Mézec on 23<sup>rd</sup> November 2021 where States Members will be asked to decide if they support increasing this percentage to a minimum of 30% or 50%.

It will therefore be important that evidence is provided by the Council of Ministers in relation to what impact the differential in percentages is likely to have for each scheme, or not, so that careful consideration can be given to deciding whether current quotas can be, and should be increased and to ensure that these schemes are not rendered potentially unviable by the States' decision.

**RECOMMENDATION G4:** The Council of Ministers should respond to P.96/2021 before the debate setting out whether increasing the minimum percentages for the proportion of affordable housing units within the South Hill and Waterfront developments from 15% to either 30% or 50%, is financially viable or not. The response should be backed up with clear evidence demonstrating the reasons for whether the schemes would be viable or not.

<sup>135</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 3](#)

The Panel also requested the views of Jersey Construction Council on what issues, if any, might be presented with a planning policy that required a percentage of affordable homes on residential sites. In its response, the JeCC referenced Guernsey and its adopted planning policy GP11 in 2016 which states that every development over 20 homes should include a percentage of affordable units (30% on developments over 20 homes); and for developments of between 5 and 19 homes a payment should be made into a fund to build affordable housing. JeCC further went on to reference that a States of Guernsey Development and Planning Authority market update in September 2020 had specified that since the adoption of the policy in 2016, 57 affordable units have been given permission, but these had not come forward from private landowners.

JeCC further commented that *“Jersey would be no different”* and that this type of “must provide” policy such as GP11 would have a similar impact on private sector development in Jersey. Instead, JeCC would prefer an *“approach that closer aligns the needs of the public with the resources of the private-sector developers and landowners.”*<sup>136</sup>

**KEY FINDING G7:** The Jersey Construction Council consider that a policy setting out a “must provide” requirement to deliver a proportion of affordable homes on all new residential development would have a detrimental impact on private sector development in the island and it would favour an approach that more closely aligns the needs of the public with the resources of private sector developers and landowners.

Whilst the Panel understands the concerns presented, there are many other policy levers which could be explored to persuade, incentivise and actively encourage developers to cater for a proportion of affordable homes on housing sites. Policy does not have to be prescriptive in dictating percentage requirements in every case. Each development site will be different in terms of its viability to produce a proportion of affordable homes and the Panel would suggest that more work could be done to actively encourage this approach by considering a suitable, flexible approach to policy. Incentives might be fast-tracking planning permissions for sites which incorporate a certain percentage of affordable homes, or it could be approving a greater density of homes where feasible for sites which include affordable homes, which in turn might improve the scheme’s viability. These are some examples to illustrate our point, however, it will take proactive communication and engagement with the construction industry to arrive at an agreed consensus of how this approach to policy could be deemed workable.

**RECOMMENDATION C8:** Both the Minister for the Environment and the Minister for Housing and Communities should, as part of the new Strategic Housing Partnership, actively pursue ongoing discussions and consultation with the construction industry to establish what other policy mechanisms might be suitable for incentivising and actively encouraging private developers to develop and sell a proportion of homes as affordable units.

**RECOMMENDATION G8:** The Minister for the Environment, should reconsider the current policy position on the use of planning obligations to support affordable housing development. This policy should encapsulate requirements for zoned land to remain in affordable housing use in the long term (or in perpetuity) and for larger market residential development sites to deliver a specified proportion of affordable homes from an agreed date and having taken on board the views of the construction sector in making this deliverable by this date. It is

<sup>136</sup> [Written submission – Jersey Construction Council](#)

suggested that these policies are best expressed and implemented via supplementary planning guidance and supported by model clauses for planning agreements.

## Environmental design standards and delivering affordable homes

Policy ME2 of the Draft Bridging Island Plan 2022-25 proposes the introduction of a policy requirement for all affordable homes and major development outside the built-up area to conform with 'Passivhaus' design standards. Originating in Germany, Passivhaus is a building design and energy performance standard which is widely accepted internationally. Its aim is to dramatically reduce the requirement for space heating and cooling (creating ultra-low energy buildings), whilst also creating improved indoor air quality and comfort levels. The principles of Passivhaus can be applied to any new domestic or non-domestic building, as well as any existing buildings through suitable retrofits which can be tested against the standard for retrofitting known as EnerPhit.<sup>137</sup>

Achieving a higher standard in building efficiency significantly, in turn, reduces the life-time carbon impact of the development by supporting a significant reduction in energy consumption. It is asserted in the Draft Bridging Island Plan that this energy demand reduction *“will support energy supply and capacity resilience for the island and could potentially equate to more than a 90% reduction in space heating and cooling energy use compared to consumption in a conventional home.”*

The rationale provided in the Draft Island Plan for targeting the development of affordable homes with new Passivhaus standards is to reduce the risk of fuel poverty in homes for people on lower incomes, whilst also reducing the whole life-cycle carbon impact of the development.

In addition, targeting larger developments outside of the built-up area is intended to offset the carbon impact of new development where it needs to happen in less sustainable locations. The rationale being that new development outside the built-up area will largely generate increased vehicle journeys, over greater distances. This consumes more energy and creates additional carbon emissions.<sup>138</sup>

The Draft Bridging Island Plan further states that in cases where it can be argued that the requirement to conform with Passivhaus standards will render a development unviable:

*...a viability assessment, which considers the whole development life-cycle must be provided. Should the viability case be accepted, the developer will be required to demonstrate how the building has been designed to achieve the highest possible standard towards reaching the Passivhaus standard, within the scope of viability. If, for other practical reasons, it is impossible for the development to achieve the Passivhaus or EnerPhit standards, a reasoned justification must be provided. Where accepted, the developer will be required to demonstrate how the building has been designed to achieve the highest possible standard towards reaching the Passivhaus standard, as far as practicable.<sup>139</sup>*

**KEY FINDING G8:** The Draft Bridging Island Plan states a viability case assessment should be provided by developers where it is considered that conforming to Passivhaus standards will render a development unviable and that a reasoned justification must be provided. If

<sup>137</sup> [Draft Bridging Island Plan 2022-25](#)

<sup>138</sup> [Draft Bridging Island Plan 2022-25](#)

<sup>139</sup> [Draft Bridging Island Plan 2022-25](#)



accepted, the developer will be required to demonstrate how the building has been designed, as far as practicable, to achieve the highest possible standard towards reaching Passivhaus standard.

In the public hearing, the Panel questioned the Minister for the Environment on whether new environmental design standards had been tested with housing providers and developers to ensure proposed developments are still viable:

**The Connétable of Grouville:**

*The draft Bridging Island Plan introduces increased environmental and design standards as well as the Sustainable Communities Fund. Have these measures been tested with housing providers and developers to ensure proposed developments are still viable?*

**The Minister for the Environment:**

*There has been a lot of consultation. They have not just been drafted off the top of our heads, as it were. Have they been tested? I am going to ask my officers, if I may, to speak about the gestation of those proposals. It is absolutely right that those 2 principles have improved design standards...*

**Head of Place and Spatial Planning, Strategic Policy, Planning and Performance:**

*...As part of the preparation of the draft Island Plan, it has been subject to a viability assessment. That is published online with all of the evidence that supports the Island Plan. That work draws on some work that we did some time ago to look at the potential introduction of the levy in the Island. We did a lot of work to look at the viability of development in Jersey and to look at the potential to introduce a levy. That work has been updated to some extent to look at the current situation and to see whether or not the policy provisions in the plan that are placing additional burdens, if you like, on the development industry would be viable within current prices. That work suggests that development would remain viable, notwithstanding the new policy provisions being introduced as part of the draft plan. I suspect that is something that the planning inspector will want to, of course, test further at the examination in public. Where we have had comment on those issues, I suspect the inspector will want to delve deeper into them at the E.I.P. (examination in public), just to test that.<sup>140</sup>*

The Panel heard evidence from Andium Homes stating the introduction of new environmental design standards in construction was a positive step for the future. The Panel's advisor asked Andium for their views on specifically the Passivhaus requirements:

**Mr. J. Paterson:**

*...Can I just ask a follow-up question, slightly different, but still about innovation in construction? I recall seeing your observations in the feedback you gave to the draft bridging Island Plan about Passivhaus standards and whether or not that was the appropriate way to go in terms of improving energy efficiency going forward. Also whether it is fair that only the affordable housing sector is being asked to take the strain with those enhanced standards and other aspects of production. I recall also you mentioned that you were undertaking some pilot projects looking at how to improve energy efficiency. You were having some support from Exeter City Council, if I remember rightly. I just wondered how that was going and what it might culminate in. Might it mean that you have differently defined expectations for energy efficiency, maybe not Passivhaus?*

**Chief Executive, Andium Homes:**

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<sup>140</sup> [Public hearing with the Minister for the Environment, 27 July 2021, p. 14-5](#)

*We have made a lot of progress in terms of our existing stock. Because at one time we were burning 1.7 million litres of oil every year with our district heating schemes. We have brought that down to 30,000 litres and by 2023 we will have completely finished, because we have thermally upgraded much of our stock and we have moved to electric heating systems. So that was a major change for us and it has ultimately been dramatic. But for us, in terms of the Passivhaus, we are at the early stages. We certainly did not want to come over in our response as saying we were anti that. What we wanted to do is say we need to do some more work here. We need to do a pilot project with a brand new house, Passivhaus standards. We want to do a retrofit and we want to produce something that was probably to 80 per cent to 85 per cent of what would be Passivhaus accreditation. The really good relationship that we have developed with Exeter, and regrettably they were meant to be coming over within the next few days for a workshop, because they have been pushing the boundaries on Passivhaus and have been providing Passivhaus for their rental stock. So that is vital that we are able to talk to them about the lessons they have learned in delivering it. But what we were saying is we would like to get on with that pilot programme and we are making progress and we have just started, but we are making progress to be getting on with that. Certainly we will be pushing it forward this year and next year. With Government and interested bodies, it is to effectively be a part of a group where we can be completely transparent and say the lessons we have learned from doing this. Is this the right way to go for Jersey or would an 85 per cent of a Passivhaus accreditation be sufficient for what we need and suitable? Then evaluate those results and decide what is best. We are certainly not anti it. We feel we need to do some more investigation. We were a little bit concerned of course that it was just, as you mentioned, it was the affordable housing sector was picking up that Passivhaus requirement. Once we have done the level of investigation and if it is decided that, yes, Passivhaus is what we want, let us roll it out throughout the tenures, not just affordable housing.<sup>141</sup>*

**Andium Homes raised the following concerns in its submission to the Draft Bridging Island Plan 2022-24 consultation:**

- a. *There is a shortage of affordable housing both for rent and purchase and we need homes to be developed quickly*
- b. *The capacity of the local construction industry is already under pressure with major Government infrastructure projects (Hospital, Government HQ) and to deliver the number of homes required by the DBIP, the industry will need to increase its output of new homes from a prior ten-year average of 400 homes a year to at least 750 homes a year*
- c. *Building costs are increasing and may continue to increase for some time, and the potential increase in cost of Passivhaus in Jersey is presently unknown*
- d. *There is little on-Island experience of constructing to Passivhaus standards, in any sort of volume*
- e. *There is no clear process for the local certification of Passivhaus buildings<sup>142</sup>*

**In their additional submission to the Draft Bridging Island Plan 2022-25, Andium advised that a full day workshop with the local construction industry was held on 24<sup>th</sup> September 2021 to assess Andium's pilot projects on Passivhaus. The workshop was delivered by Exeter City Council who were also able to share their previous experience of delivery small-scale housing developments to Passivhaus standards. The outcome of the workshop indicated a degree of concern from the local industry about the feasibility of Passivhaus delivery due to the following:**

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<sup>141</sup> [Public hearing with Andium Homes, 28 July 2021, p. 21-2](#)

<sup>142</sup> [Andium Homes – Submission to the Draft Bridging Island Plan 2022-25 Consultation](#)

- A potential 20% increase in building costs just for affordable homes which might disincentivise developers and slow down the delivery of affordable homes, something which is not in Jersey’s interests given the demand for affordable homes.
- The capacity of the industry over the 5 years of the Bridging Island Plan Housing supply period.
- Lack of design team and contractor experience in developing to Passivhaus standards, which might encourage the industry to focus on other types of development because the risks associated with Passivhaus.
- Given the importance that Exeter stressed about certification, the absence of any certification process is a concern (it is noted that the Minister is not proposing that certification be mandatory).

Andium concluded their response by commenting that in view of the above it remained their view that the introduction of Policy ME2 would be premature at this stage and “*could have significant unintended consequences which would adversely affect the supply of affordable homes over the period 2022 – 2026 and beyond.*”<sup>143</sup>

**KEY FINDING G9:** Andium Homes has presented evidence to the Draft Bridging Island Plan 2022-25 Examination in Public process which outlines the concerns of the local construction industry in relation to the proposed introduction of Passivhaus standards. The concerns raised confirmed Andium’s view that the introduction of Passivhaus would be premature and could have significant consequences which would adversely impact on the supply and delivery of homes during the period 2022-26 and beyond.

Noting that Passivhaus requirements are proposed to be introduced for all new affordable housing developments, the Panel asked Jersey Development Company for its views on how these requirements might pose a challenge for JDC’s residential developments:

***The Connétable of St. Brelade:***

*What challenges do you see arising for J.D.C. from the requirements to introduce new design standards and environmental features, including carbon reduction requirements?*

***Managing Director, Jersey Development Company:***

*As an example, Chair, we are reviewing the designs at the moment on South Hill and we are targeting those buildings achieving BREEAM outstanding and also we are trying to ensure that they achieve Passivhaus accreditation. That is still a work in progress but we are very focused on minimising the energy and the use on these completed buildings. We are also assessing alternative products to be introduced in the fabric of the buildings in order to reduce the in-built carbon on these new developments as well.*<sup>144</sup>

The Draft Bridging Island Plan specifies that the requirement to conform with Passivhaus standards will apply to the delivery of: homes on Government-owned land, homes delivered by affordable housing providers, and affordable homes brought forward on sites specifically allocated for affordable homes.<sup>145</sup> Given the nature of the South Hill and Waterfront sites comprising of mainly open market homes with a proportion of affordable homes included on

<sup>143</sup> [Andium Homes – Additional Submission to Draft Bridging Island Plan 2022-25 for the Examination in Public](#)

<sup>144</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 3](#)

<sup>145</sup> Draft Bridging Island Plan 2022-25, p.210

these sites, and that the land will have been transferred to JDC, it is unclear whether these sites would be subject to Policy ME2 as currently proposed in the Draft Plan.

**KEY FINDING G10:** Jersey Development Company are attempting to ensure that Passivhaus accreditation is achieved on the South Hill development, although it is not a certainty. It is unclear whether Policy ME2 of the Draft Island Plan, if adopted, would prescribe that both the Waterfront and South Hill developments will be required to meet Passivhaus standards as the land will no longer be Government-owned and the developments are not exclusively providing affordable homes.

**RECOMMENDATION G5:** The Minister for the Environment should, in his Ministerial Response to this report, advise whether both the Waterfront and South Hill developments would be required under Policy ME2 of the Draft Island Plan to meet Passivhaus standards once the Plan is adopted.

A submission from Jersey Construction Council commented that:

*In any normal period, the opportunity to raise and improve new design standards and environmental features would be welcomed by the industry and used as an opportunity to innovate and adapt... Government should consider the very real impact that further new environmental and design standards may have on developments, and whether the Government's desired outcomes may be best served by timing their introduction more effectively in order to support the island's development sector.<sup>146</sup>*

The JeCC accepted that the introduction of these standards may be more conducive to larger developments where budgets could accommodate this, however, that smaller scale projects would be hindered.

In their report, ARK advise that the Passivhaus standard is a:

*very prescriptive approach to achieving high energy efficiency in buildings and low carbon emissions which relies heavily on the air-tightness of buildings and not all occupants or commissioners of new homes accredited as meeting Passivhaus standards are comfortable with the home environment it creates.*

ARK further suggests the use of other high aspirational standards for energy efficiency, such as the Scottish Government's Energy Efficiency Standards in Social Housing 2 (EESH2) standard, which offers better flexibility in approach to achieving excellence in environmental design standards.

**KEY FINDING G11:** Expert advisor's, ARK, consider the Passivhaus standard for achieving energy efficiency and low carbon emissions is "very prescriptive" approach relying heavily on airtightness of buildings and which not all occupants are comfortable with the home environment it creates. Instead, ARK suggests other approaches such as the Scottish Government's Energy Efficiency Standards in Social Housing 2 (EESH2) standard which offers more flexibility in its approach.

It is the Panel's view that sufficient concerns and evidence has been presented to justify Andium Homes' request to defer the introduction of requirements for Passivhaus standards

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<sup>146</sup> [Written submission – Jersey Construction Council](#)

until the next Island Plan in 2025 and to enable pilot schemes to be undertaken to test its suitability to Jersey.

**RECOMMENDATION G6:** The Minister for the Environment should defer the proposal to introduce requirements for Passivhaus standards on new affordable homes and large development outside of the built-up area until the next longer-term Island Plan. The aim of doing so would be to enable Andium Homes to run pilot schemes which conform to Passivhaus to test its suitability to Jersey. As part of this pilot scheme, consideration should be given to the suitability of other approaches, such as that used by the Scottish Government with the Energy Efficiency Standards in Social Housing 2. Being able to draw on suitable comparisons with other approaches will further aid in the process of testing both suitability and viability in the pilot period.

## Modern methods of construction

Several submissions made to the Panel advocated the use of Modern Methods of Construction (MMC) as a means of increasing the speed of construction.<sup>147</sup>

The Panel notes that Andium Homes has successfully trialled MMC in relation to:

- Insulated Concrete Forms (ICF – EPS insulation) at Rosemount Mews (2 townhouses) and Robin Hood (5 townhouses).
- Hadley Steel Frame at Plaisant Mews/Convent Low-rise (21 apartments + Age Concern HQ).

In addition, Andium is also currently looking to trial Porotherm for 2 new houses and 12 new apartments and is researching woodcrete ICF and modular construction options. It is further noted that the Limes project will be constructed from HSF (127 apartments) and another major capital redevelopment will be a blended solution of ICF & HSF.<sup>148</sup>

**KEY FINDING F8:** Andium Homes is actively pursuing various innovative forms of modern methods of construction by trialling these on various development sites. To date, they have successfully trialled Insulated Concrete Forms and Hadley Steel Frames and are looking to trial other types on future, upcoming developments.

The Panel requested Jersey Construction Council's views on what the barriers are to MMC in Jersey and was advised that the main issue is shipping costs for pre-assembled elements such as HSF panels, bathroom pods and modular units. It was further noted that Andium Homes is attempting to develop on-island assembly facilities and have had some initial success with HSF panel assembly by Normans Ltd, for the Plaisant Mews scheme. Jersey Development Company also shared the same view on shipping costs commenting that the positives of MMC can be outweighed by the additional transportation costs.<sup>149</sup>

Jersey Construction Council advised that developing new supply chains to increase competition would enable MMC at scale, as would on-island assembly facilities for bathroom/kitchen pod production. Furthermore, that MMC could be used as an effective tool

<sup>147</sup> [Written submissions available to view online at statesassembly.gov.je](https://statesassembly.gov.je)

<sup>148</sup> [Written submission – Jersey Construction Council](#)

<sup>149</sup> [Public hearing with Jersey Development Company, 13 July 2021, p. 8](#)

to boost the supply of homes particularly affordable homes, subject to upskilling the local workforce and establishing assembly facilities.<sup>150</sup>

**KEY FINDING F9:** Modern Methods of Construction could be a useful tool to boost the supply of homes in Jersey. The main barrier is shipping and transportation costs. It is Jersey Construction Council's view that developing new supply chains to increase competition would enable MMC at larger scale, as would on-island assembly facilities for bathroom/kitchen pod production.

In a public hearing, the Minister for Housing and Communities strongly advocated for the use of MMC moving forward and in particular to see it undertaken on the proposed re-zoned sites in the Draft Island Plan:

### ***Minister for Housing and Communities***

*...I was also very pleased to see from one of your respondents in answer to the first question, they said about: how do we solve a housing crisis and provide the supply that they need, or whatever the question was? The first bullet point was: "Take modern methods of construction seriously and employ that and use that." That, again, was good for me to see because I have started work on scoping the potential for houses being built in kit form away from the Island and transported here and assembled here. It is much, much less labour intensive. It is greener, it is cleaner, it is, potentially, much, much more cost effective and we are doing that work...I would like to see that employed across the sites that are rezoned in the Island Plan ...One thing that was said to me that has resonated is that M.M.C. can work, it can be done and is being done in a lot of countries. But he said the biggest hurdle is people do not yet believe in it, they do not believe in it. But it is there and it is happening and so we have got to change the culture.<sup>151</sup>*

Furthermore, the Panel is pleased to see that the Housing Action Plan explores a number of case studies detailing potential opportunities to for Jersey to utilise and benefit from MMC.<sup>152</sup> Additionally, that a Modern Methods of Construction Political Working Group has been established to prove the case for new technologies in Jersey.<sup>153</sup>

**KEY FINDING F10:** A Modern Methods of Construction Political Working Group has been established by the Minister for Housing and Communities to prove the case for the opportunities provided by new, innovative technologies.

During the course of its review, the Panel was made aware of the 'Zed-pod' zero-carbon modular housing scheme which launched in Devon, England in July 2021. The scheme is the first of its kind in England and the modular nature of the build means that onsite construction time is minimal and as houses are delivered complete, it results in little disruption to neighbouring properties and enabling new residents to move in immediately. The Panel notes from the Devon case study that the units are built offsite and that it is the council's intention to employ local trades people for the onsite building work, which aims to help both the local economy and local community. In addition, the homes are eco-friendly and built to be energy efficient, resulting in low-energy bills for occupants.<sup>154</sup>

<sup>150</sup> [Written submission – Jersey Construction Council](#)

<sup>151</sup> [Public hearing with the Minister for Housing and Communities, 27 July 2021, p. 27-8](#)

<sup>152</sup> [Creating better homes: an action plan for housing in Jersey \[R.98/2021\] - June 2021](#)

<sup>153</sup> [R.157/2021 – Action on housing: recent progress and Waterfront guidance](#)

<sup>154</sup> ['Zed Pod scheme will revolutionise social housing provision across Mid Devon' – July 2021](#)



In their report, ARK Consultancy comment that:

*In response to the challenges of construction capacity and also with the aim of improving construction reliability and timing, modern methods of construction are increasingly evident in the residential sector. This can relate to materials usage and construction methods deployed on site (like framed buildings for example) but can extend to dwelling modules being constructed off-site in factories. On-site works are then confined mainly to groundworks, to assembling modules and to estate completions.*

**RECOMMENDATION F8:** The Minister for Housing and Communities should ensure that Government leads research on the role of Modern Methods of Construction to help ease capacity pressures in the medium to longer term. It is further recommended that the priority for deploying MMC builds on Andium's practical approach of utilising materials and methodologies which simplify the conventional construction process and improve thermal and environmental performance of buildings. We do though advocate careful consideration of the feasibility and potential benefits of off-site manufacture of building modules as a development step for Jersey's adoption of MMC.

## Land promotion and compulsory purchase powers

In the public hearing with the Minister for the Environment, the Panel raised historic issues with rezoned sites not delivering targets for new homes as there has been no obligation on landowners to develop the land. Moreover, that to mitigate this risk going forward, whether rezoned sites should be compulsory purchased if they do not come forward for development within a certain timeframe:

### **The Deputy of St. Martin:**

*Yes, thank you. I just wanted to take the Minister back to the reason why sites do not get developed and I accept that it is possible that sites will not survive through the draft plan and the independent inspector. But it is also possible, Minister, that sites do come forward, they are accepted and they are put into the plan but there is no obligation on a landowner to develop his land, even if it is rezoned, and you mentioned the sites in St. Brelade. I know there is another one in St. Ouen that in my day the owner would not bring forward. Getting back to the compulsory purchase issue, do you think now then that it is time that sites that are rezoned but do not come forward are then compulsorily purchased?*

### **The Minister for the Environment:**

*In principle, yes. I want to look at every individual one but if you are saying we end up with sites that are ... first of all, you would not want to invoke a compulsory purchase power even unless you had owners that are willing to see those sites developed. One of the things that I understand happened is that the sites that are proposed have been put forward by willing owners, and that is important. One has to look at the sites that are now coming forward individually but I do think it is important that they would have ... if they are accepted by the States, those amendments against either my decision or the inspector's judgment, they will, in my view, need to carry the affordable home requirements. That would have to be imposed by probably some amendments in the propositions in the plan, which is part of the technical changes I have to do at the end...<sup>155</sup>*

<sup>155</sup> [Public hearing with the Minister for the Environment, 27 July 2021, p. 9-10](#)

The use of compulsory purchase was also a recommendation made by the Housing Policy Development Board which recommended that the Government of Jersey should use Compulsory Purchase powers for both site-assembly and to discourage 'land banking'.<sup>156</sup>

The issue of slow up-take of planning permission and land-hoarding was raised in a former Scrutiny panel's review of housing supply in 2015. It was noted that there was balance to be struck to ensure that any incentives introduced for the purpose of encouraging development would not deter applications from coming forward and recommended the Government consider a range of initiatives to address the issue.<sup>157</sup> It is clear to the Panel that it is an issue which has gone unaddressed for a considerable amount of time and is therefore pleased to note that policy H5 of the Draft Bridging Island Plan 2022-25 states that:

*Where the development of affordable homes on sites allocated for this purpose has not commenced within three years of the approval of this plan, they may be subject to compulsory purchase by the States of Jersey and developed in accordance with this policy.<sup>158</sup>*

**KEY FINDING C6:** Land-banking is an issue which has existed for a number of years and is preventing the supply of new homes. Policy H5 of the Draft Bridging Island Plan 2022-25 states that where development on sites allocated for affordable housing has not come forward within three years of approval of the Island Plan it may be subject to compulsory purchase.

In their report, ARK emphasises that land promotion is a skill-set not generally well developed in the public and affordable housing sectors. However, major developers and some landowners are highly skilled and well-resourced in this area. Moreover, that effective land promotion, in all its forms, will be an important for Jersey in achieving a sustainable and deliverable programme of new affordable homes in the long term.

ARK makes further comment that whilst it is understandable from an ethical perspective why Jersey's Government would be reluctant to exercise compulsory purchase powers (and as is commonplace with governmental bodies in most European jurisdictions) there may be certain circumstances where there are legitimate reasons why compulsory purchase should be deployed in pursuit of affordable housing provision and area regeneration. Furthermore, *"if GoJ is to make the most of its potential to promote land supply for affordable homes, there will be occasions when compulsory purchase is necessary to assemble sites or to achieve a desirable pace of development."*

**RECOMMENDATION C9:** The Minister for the Environment should ensure that the suggested policy in the Draft Bridging Island Plan 2022-25 to impose a compulsory purchase 'backstop' on sites zoned for affordable housing is exercised, where required, to ensure as far as possible, that these sites are developed within a reasonable timeframe. In addition, that a broader policy should be developed regarding the use of compulsory purchase powers to support affordable housing development and area regeneration. This should be completed by the end of 2022.

**RECOMMENDATION C10:** The Council of Ministers should commit to an active land promotion function for affordable housing, potentially in partnership with Andium Homes and Jersey Development Company. The role and resourcing of this function should be scoped

<sup>156</sup> [Housing Policy Development Board – Final Report – April 2021 \[R.63/2021\]](#)

<sup>157</sup> [S.R.5/2015 – Supply of Housing Scrutiny Review](#)

<sup>158</sup> [Draft Bridging Island Plan 2022-25](#)

before the end of Q1 2022. The land promotion function should be long term and report on progress to the States Assembly on an annual basis.

**RECOMMENDATION C11:** The Council of Ministers should ensure that land promotion activity should exercise compulsory purchase in specific, but limited circumstances. It should include positive land assembly work for sites in multiple or complex ownership and also site remediation where that would significantly enhance the developability of a brownfield site.

## 6 Conclusion

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It is evident from our findings that there are numerous barriers and challenges to the supply and delivery of affordable housing in Jersey. Addressing one, or even some of these in isolation is not likely to solve Jersey's housing problems. Moving forward, the Government of Jersey needs to take a more holistic approach to housing policy to address affordability and supply issues. The Housing Action Plan is a positive step forward to achieving this.

The Island Public Estates Strategy will play an important role in the release of government-owned sites, however this needs to be prioritised and expedited without ongoing delay. It is further evident from our findings that the Draft Bridging Island Plan will play an important role in addressing restrictive planning policies which, under the current 2011 Island Plan, have posed a barrier to the supply and delivery of affordable homes. However, our review has found that some ineffective and/or challenging planning policies are not addressed in the Plan. Furthermore, that lack of adequate resourcing within the Planning team is a significant issue causing timely delays and hindering development delivery timescales. It is unfortunate that much of our report resonates with our predecessor Panel's 2015 review of the Supply of Housing, demonstrating that issues of housing supply and affordability have gone unaddressed by Government for considerably too long.

This review has highlighted the challenges, but also the opportunities which exist and should be considered by Government. Some of these opportunities include:

1. Supporting the parishes and other housing providers to play a more strategic and contributory role in the supply and delivery of affordable housing.
2. Enabling Jersey Development Company to play a more contributory role to the development of more affordable homes, utilising opportunities for cross-subsidy of development.
3. Finding innovative ways for the private sector to contribute to the delivery of more homes, with added opportunities for improved affordability, tenure security and conditions. An example given was the opportunity of incentivising a 'build-to-rent' scheme similar to the UK.
4. Targeted planning policy to stipulate a certain percentage of affordable homes on new housing developments.
5. Utilising modern methods of construction to deliver more affordable homes at scale and at pace.
6. Delivering new homes to high environmental design standards without being cost prohibitive to their build affordability.
7. Better use of land promotion and compulsory purchase powers.

Our review has resulted in a considerable number of recommendations, many of which have been informed by expert housing advisors ARK Consulting. This is reflective of the significant supply and affordability issues facing the Island, as well as the amount of work which is required to successfully tackle these issues.

We hope our recommendations provide helpful feedback to the Minister and which seek to complement the good work already proposed in the Housing Action Plan. The Minister must endeavour to ensure that the timeline for achieving the actions set out in Action Plan is adhered to without exception. Moreover, where actions relate to further research and studies, these must be expedited, and the recommendations implemented as swiftly as possible. It should go without saying that in order to be successful in doing so, resourcing within Government must be commensurate with the significant work that needs to be achieved. The creation of a Strategic Housing and Regeneration Team is encouraging and one which we hope will be appropriately resourced to address ongoing challenges but also to innovate and seek out opportunities for the further delivery of environmentally sustainable, affordable homes over the period of the Bridging Island Plan and beyond.

## Appendix 1

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### Panel Membership



Constable Mike Jackson (Chair)



Constable John Le Maistre (Vice-Chair)



Constable Sadie Le Sueur-Rennard



Deputy Inna Gardiner



Deputy Graham Truscott



Deputy Steve Luce

### Terms of Reference

1. To identify current planning challenges and other barriers to development in relation to affordable housing supply and assess how, and to what extent, the policy proposals contained within the Draft Bridging Island Plan 2022-25 intend to address this.
2. To assess whether there are adequate resources and collaborative working within Government to facilitate effective synergies between planning policy and affordable housing policy and to deliver the intended housing goals, as set out in the Draft Bridging Island Plan 2022-25.
3. To examine how the Island's Public Estate Strategy 2021-35 is proposed to contribute to the adequate provision and timely delivery of sites for affordable housing.
4. To consider the outcome of the Government's 'Housing land availability and site assessment', in particular, but not limited to:

- a. the re-zoning of land, and how this will contribute to the successful provision and timely delivery of sites for affordable housing;
  - b. suitable provision for the development of energy efficient affordable homes built to environmentally friendly standards.
5. To consider the role of individual parishes in the supply and delivery of affordable housing and any associated policy challenges faced.
6. To examine the relationship between current house prices and lack of supply and the role of any other non-planning related policy mechanisms Government intends to utilise in order to address housing affordability in the short-to-medium term.
7. To investigate the options and supply of housing for older people and any barriers to the provision of future accommodation needs.

## Evidence Considered

### Public hearings

- Jersey Development Company
- Andium Homes
- Minister for the Environment
- Minister for Housing and Communities

The public hearing transcripts can be viewed on the States Assembly website [here](#).

The webcast of the hearings can also be viewed here up until 6 months after the hearing was held.

### Written Submissions

A total of 48 written submissions were received by the Panel and can be viewed [here](#).

Responses to written questions were also received from:

- Minister for Infrastructure
- Minister for Housing and Communities
- Minister for the Environment
- Jersey Construction Council

### Other evidence considered

- Draft Bridging Island Plan 2022-25
- Island Public Estate Strategy 2021-35
- Creating better homes: an action plan for Jersey [R.98/2021]
- The Housing Policy Development Board Report – April 2021
- The Objective Assessment of Housing Need – January 2019
- Housing Land Availability and Site Assessment
- Policy Definition of Affordable Housing in Jersey



- Control of Housing and Work (Jersey) Law 2012 Residential and Employment Status – Policy Guidance May 2019
- Various other policy documentation and States Assembly reports

## Review costs

The costs of this review totaled £20,288.75 for consultant fees, advertising and public hearing transcription costs.

## What is Scrutiny?

Scrutiny panels and the Public Accounts Committee (PAC) work on behalf of the States Assembly (Jersey's parliament). Parliamentary Scrutiny examines and investigates the work of the Government, holding ministers to account for their decisions and actions. They do this by reviewing and publishing reports on a number of areas:

- Government policy;
- new laws and changes to existing laws;
- work and expenditure of the Government;
- issues of public importance.

This helps improve Government policies, legislation and public services. If changes are suggested, Scrutiny helps to make sure that the changes are fit for purpose and justified.

The Environment, Housing and Infrastructure Scrutiny Panel, scrutinise Government on matters within these three remits. To learn more about the Panel's work – [CLICK HERE](#)



# STATES OF JERSEY

## ENVIRONMENT, HOUSING & INFRASTRUCTURE SCRUTINY PANEL

Report to the Panel by Expert Advisor on  
Affordable Housing: Supply and Delivery –  
Scrutiny Review

August 2021

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## 1 INTRODUCTION AND BACKGROUND

- 1.1 In Spring and Summer of 2021, the Environment, Housing and Infrastructure Scrutiny Panel (the Panel) carried out a scrutiny review of the supply and delivery of affordable housing in Jersey.
- 1.2 The challenges for housing provision in Jersey are recognised clearly by the Government of Jersey (GoJ) and by the States Assembly. A report by the Housing Policy Development Board (HPDB) first published in 2019 and updated in April of this year, defined the challenges and proposed a Government leadership policy package of twelve specific interventions within a broader strategic vision for the Jersey housing market, which included:
- increased supply including affordable homes
  - widened access
  - a high-quality market rental offer, and
  - options for households looking to downsize.
- 1.3 Some important policy developments have been undertaken by GoJ including the formulation of a Draft Bridging Island Plan (the main town planning framework) and a Housing Action Plan. GoJ has also identified some of its own property holdings which it is intending to develop/redevelop for affordable housing use.
- 1.4 Thematic scrutiny reviews are a means by which the States Assembly can focus attention on a key aspect of public policy and challenge GoJ to be as effective as possible in its interventions.
- 1.5 The scrutiny review by the panel had quite precise terms of reference including:
1. To identify current planning challenges and other barriers to development in relation to affordable housing supply and assess how, and to what extent, the policy proposals contained within the Draft Bridging Island Plan 2022-25 intend to address this.
  2. To assess whether there are adequate resources and collaborative working within Government to facilitate effective synergies between planning policy and affordable housing policy and to deliver the intended housing goals, as set out in the Draft Bridging Island Plan 2022-25.
  3. To examine how the Island's Public Estate Strategy 2021-35 is proposed to contribute to the adequate provision and timely delivery of sites for affordable housing.
  4. To consider the outcome of the Government's 'Housing land availability and site assessment', in particular, but not limited to:
    - (a) the rezoning of land, and how this will contribute to the successful provision and timely delivery of sites for affordable housing.

- (b) suitable provision for the development of energy efficient affordable homes built to environmentally friendly standards.
  - 5. To consider the role of individual parishes in the supply and delivery of affordable housing and any associated policy challenges faced.
  - 6. To examine the relationship between current house types and lack of supply and the role of any other non-planning related policy mechanisms Government intends to utilise in order to address housing affordability in the short-to-medium term.
  - 7. To investigate the options and supply of housing for older people and any barriers to the provision of future accommodation needs.
- 1.6 The Panel decided to appoint an expert advisor to support its work. The advisor was required to apply expert knowledge and insight in relation to a number of areas targeted for detailed scrutiny by the Panel, to provide the Panel with a briefing paper, to review submissions received by the Panel, to help the Panel prepare for and conduct public hearings and then to report on various salient findings from the advisor's work.
- 1.7 ARK Consultancy was appointed at the end of June 2021 to be the expert advisor. ARK has deployed two experienced members of our team to provide the advisor service, namely John Paterson (Director) and Jane Alderman (Senior Consultant). This document is ARK's report at the culmination of our advisor role.

## 2 KEY ASPECTS OF THE DELIVERY CONTEXT: CHALLENGES AND POLICY DEVELOPMENT

### 2.1 CHALLENGES

2.1.1 There are many and various challenges impacting upon the operation of the housing market in Jersey, on the provision and development of affordable housing and on GoJ's aim to achieve a balanced supply of suitable and affordable homes for Jersey's population. A lot of report content could be devoted to describing these challenges and that would make this document rather inaccessible. Instead, we have chosen to highlight what we consider to be the main factors which present challenges in the market and operating environment.

#### POPULATION AND IMMIGRATION

2.1.2 With a total population (in 2019) of 108,000 and a population density of 912 people per km<sup>2</sup>, Jersey is a relatively densely populated island. Jersey's attractive surroundings and low-tax economy is a significant draw for companies and for people to want to base themselves on the island.

2.1.3 Jersey operates fairly strict controls on migration to the island and on the eligibility or entitlement of people living on the island to certain forms of housing tenure.

2.1.4 Nonetheless, population growth has been significant in recent years, at around 1,000 people p.a. The Draft Bridging Island Plan assumes a growth in population of around 4,000 people over its 5 years to 2025. This is further population growth of over 800 people p.a.

2.1.5 Aside from immigration pressures, increasing life expectancy and reductions in average household size, both long-term trends, are adding to housing pressures. Based on Jersey's Objective Assessment of Housing Need and on a recognised shortfall in new housing provision over the past decade, a target of 7,900 additional homes is required up to 2030. For the Draft Island Bridging Plan period this means a minimum rate of a new supply of 750 homes per year.

#### IMBALANCE IN SUPPLY

2.1.6 Jersey's existing housing stock tends to favour family housing rather than homes suited to smaller households. Many older households, newly forming households and key worker households are actually made up of only one or two people and there is insufficient housing to suit the needs of these smaller households.



## AFFORDABILITY

- 2.1.7 The lack of housing supply and the pent-up demand characteristics of the Jersey housing market produce high house prices. An average house price in Jersey is £630,000 and an average market rent for a two bedroom flat is £1,600 pcm. These figures are well in excess of typical prevailing prices in the UK and are comparable only with its most expensive markets, like central London and Oxford.
- 2.1.8 When GoJ created Andium Homes as a wholly owned housing company, its financial arrangements assumed that rents would gradually rise to a target of 90% of market rents for equivalent properties. This is, in essence, the current definition of an affordable or social rent in Jersey. By comparison, the recognised definition of an 'affordable rent' in England is 80% of the market level. Social rents tend to average about 65% of market rents in England (and are considerably lower than that in expensive localities).
- 2.1.9 Social rents in Jersey are often only affordable to tenants if they are in receipt of income support and this applies to working households as well as those not in employment. Effectively therefore, social security payments prop up the defined affordable level of rent in the social housing sector.

## SHORTAGE OF DEVELOPMENT LAND

- 2.1.10 Given the island geography of Jersey and its relatively high population density, development land is in short supply and is highly coveted.
- 2.1.11 Reclaimed land has provided useful scope for development in some locales, mainly St Helier. Brownfield land is also a useful source of housing development opportunity. The Draft Bridging Island Plan has recognised the shortage of development land for affordable housing by proposing the rezoning of some edge-of-town agricultural sites for this purpose. Also, GoJ has buildings/sites in its existing ownership which it proposes to redevelop or repurpose for affordable housing.

## CONSTRUCTION CAPACITY

- 2.1.12 Jersey is heavily reliant on importing building materials and on a limited number of experienced contractors. Those contractors face inevitable difficulty in expanding capacity quickly, especially given the limited pool of skilled labour available.
- 2.1.13 At typical levels of construction activity as experienced over recent years, Jersey's construction sector operates at reasonable equilibrium, albeit with limited competition. With the increase in new homes, especially affordable homes, recognised as necessary, existing construction capacity will become over-stretched.

- 2.1.14 Adding to the challenges for the construction sector is the impact of Brexit, of the Coronavirus pandemic and of other recent supply chain interruptions. All these factors have created additional material supply challenges and some pronounced price increases. It is very unclear how long some of the current adverse material pricing trends might persist.

### HOUSING DESIGN

- 2.1.15 There is widespread recognition that the design and specification of new homes needs to respond to the global climate challenge. This means much improved thermal efficiency but ultimately means homes will be expected to achieve net zero carbon emissions in use. For the UK, the net zero target for new homes is expected to be achieved no later than 2050.
- 2.1.16 Jersey does not yet specify a target date for new homes to be neutral in terms of carbon emissions. GoJ does, however, specify that new affordable homes will be expected to achieve Passivhaus standards. This policy expectation is defined in the Draft Bridging Island Plan and so is effective for all new production from now.
- 2.1.17 Passivhaus is a very prescriptive approach to achieving high energy efficiency in buildings and low carbon emissions. It relies heavily on the air-tightness of buildings and not all occupants or commissioners of new homes accredited as meeting Passivhaus standards are comfortable with the home environment it creates. There are other high aspirational standards for energy efficiency, like the Scottish Government's Energy Efficiency Standards in Social Housing 2 (EESH2) standard, which offer more flexibility in approach to achieving excellence in this aspect of housing design.
- 2.1.18 In response to the challenges of construction capacity and also with the aim of improving construction reliability and timing, modern methods of construction are increasingly evident in the residential sector. This can relate to materials usage and construction methods deployed on site (like framed buildings for example) but can extend to dwelling modules being constructed off-site in factories. On-site works are then confined mainly to groundworks, to assembling modules and to estate completions.

### GOJ AND OTHER RESOURCES TO SUPPORT POLICY PRIORITIES

- 2.1.19 The Draft Bridging Island Plan sets out ambitious plans for providing more homes and other policy priorities (described in Section 2.2 below) also establish a 'high bar' for new homes delivery and for other improvements to the operation of the affordable housing sector. There is a recognised shortfall in personnel and skills at GoJ to support current levels of housing production, including processing planning applications. Ambitious new targets will accentuate the disparity between expectation and the resources to deliver on that.

2.1.20 Section 2.1.18 above highlights current challenges with construction capacity in Jersey. These challenges extend to construction related skills, like design, cost advice and engineering and to the capacity of affordable housing developers to meet the expectation to deliver a notable increase in production.

## 2.2 POLICY DEVELOPMENTS

2.2.1 The **Draft Bridging Island Plan** is one of the key features of recent policy development in Jersey intended to improve housing supply. The Plan allows for the production of 750 new homes per year in the five-year period up to 2025.

2.2.2 Of the new homes planned, 64% are expected to be market housing in some form and the other 36% to be affordable. 53% of the target market homes were already being constructed or had planning consents at the time the draft Plan was issued for consultation. By comparison, only 41% of the target affordable homes were under construction and no other affordable homes schemes had secured a planning consent.

2.2.3 450 affordable homes are expected to be delivered on sites rezoned from other planning purposes and are extensions to existing settlements. These specified sites are controversial and there are representations being made in the final stages of formulating the Plan for some of these sites to be removed. There are not known to be any available substitute sites.

2.2.4 The Plan specifically identifies six GoJ owned sites as offering potential to meet affordable housing need. These include:

- Ambulance Station
- The Limes
- Le Bas
- St Savior's Hospital (part)
- Westaway Court
- La Motte Street Offices

2.2.5 Some other notable housing policy aspects of the Plan include:

- Supplementary Planning Guidance (SPG) on space and design standards will be revised and updated
- An SPG on minimum density standards for new homes in different localities will be formulated and there is an emphasis on increasing housing densities
- Development proposals which result in an over-concentration of any type, size or tenure of housing will not be supported
- Development briefs will be required for rezoned sites and they should be expected to achieve a mix of 45% social rent and 55% housing for affordable purchase

- 'Right-sizing' homes should be provided for older residents to enable them to move from larger family homes. Right-sizing homes will be encouraged on sites zoned for affordable homes
  - A minimum of 25 new key worker homes per annum should be provided
  - New affordable homes should be expected to meet Passivhaus standards
  - An acknowledgement of a need for supported housing, particularly older people's housing included extra care.
- 2.2.6 **Creating Better Homes: An Action Plan for Housing** is an ambitious strategic planning document published by the new Minister for Housing and Communities in June 2021. Some of its actions restate policy targets or goals set out in the Draft Bridging Island Plan and others add more detail to expectations. Among its main objectives are:
- stronger system leadership
  - an increase in supply and better management of demand
  - rental choices
  - help to own a home
  - building sustainable communities.
- 2.2.7 The GoJ aims to establish a new strategic housing partnership, to engage a new Strategic Housing and Regeneration Team, to deliver 1,000 affordable homes by 2025 (with an 80% increase in starts) to review the social rents setting policy and to introduce a social housing regulator.
- 2.2.8 GoJ published an **Island Public Estate Strategy 2021-35**. This strategy falls under the auspices of the Minister for Infrastructure. Whilst the strategy recognises the importance of GoJ land promotion and disposals to the success of implementing the Government's wider objectives for community assets, it makes very limited mention of the importance of delivering affordable homes on some GoJ sites (identifying it as an 'opportunity' but setting no specific objectives for achieving this). This seems surprising given the identification of specific GoJ sites for affordable housing development in the Draft Bridging Island Plan and the Housing Action Plan.
- 2.2.9 GoJ publishes a specific **definition of affordable housing**. This requires that affordable rental or purchase homes should meet States of Jersey policies on, for example, rent setting and meet specific eligibility criteria which protects social housing use in the long-term. However, it makes no mention of relating housing costs to income levels.

### 3 BACKGROUND RESEARCH, SUBMISSIONS AND BRIEFING

3.1 As part of our background research, ARK consulted with some key personnel in GoJ. This was intended to build our understanding of the market and policy context as quickly as possible. We also studied a range of documents including:

- The Draft Bridging Island Plan
- The Preferred Strategy Report – Island Plan Review – Technical Evidence Base
- The Housing Policy Development Board Report – published April 2021
- The Objective Assessment of Housing Need published January 2019
- Housing Land Availability and Site Assessment
- Island Public Estates Strategy
- Creating Better Homes an Action Plan for Housing in Jersey – June 2021
- Definition of Affordable Housing in Jersey
- Control of Housing and Work (Jersey) Law 2012 Residential and Employment Status – Policy Guidance May 2019

3.2 ARK also reviewed the various submissions made to the Panel from interested individuals and organisations. There were around 48 of these in total and they ranged considerably in depth. We also studied a small number of representations made to GoJ during the public consultation phase of the formulation of the Draft Bridging Island Plan. In particular, this included the response submitted by Andium Homes (which was salient to the subsequent hearing held with Andium) and the post-hearing submission by Jersey Construction Council.

3.3 Ahead of the Panel embarking on public hearings, ARK produced a briefing document for Panel members. This summarised the key findings of our background research including identifying the themes which had emerged from our consultation work and from submissions made to the Panel.

## 4 HEARINGS AND QUESTION PLANS

- 4.1 The Panel conducted 4 public hearings in the course of its scrutiny review and these were with the following witnesses:
- (i) States of Jersey Development Company (Managing Director)
  - (ii) The Minister for Environment
  - (iii) The Minister for Housing and Communities
  - (iv) Andium Homes (Chief Executive and Exec Lead for Digital and Strategy)
- 4.2 ARK helped to develop question plans for these hearings. These encompassed a number of specific questions on relevant aspects of the operating environment and on the policy context and were tailored to the interests, remit and knowledge of the attendees at each hearing. The question plans formed the framework for hearings of 1.5 hours to 2 hours duration.
- 4.3 Witnesses attending the hearings were often asked supplementary questions by Panel members and by ARK where this helped to develop insights and ideas for improved intervention by GoJ in affordable housing provision.
- 4.4 Summaries of the evidence provided by witnesses will be included in the main Panel report on the scrutiny review and therefore, this information is not included in this document.



## 5 MAIN FINDINGS

- 5.1 ARK's approach to setting out the main findings and conclusions from our role as expert advisor is focused on our particular take on many of the key outputs from the work of the Panel and from the background research and policy documentation we have studied.
- 5.2 There is a considerable amount of pre-existing information which highlights the particular challenges faced by the housing market generally in Jersey and the affordable housing sector in particular. Much has already been formulated by GOJ, by way of policy response, to these challenges.
- 5.3 Additionally, the Panel's review has reinforced understanding of the challenges and helped to clarify some of the solutions already proposed.
- 5.4 ARK's aim is to reinforce the importance, in our view, of various solutions already proposed but also to add our advice and recommendations on other initiatives or actions which we believe will enhance the response to the challenges.
- 5.5 The remainder of this section summarises relevant outputs or our conclusions drawn from various stages of our involvement in the work of the Panel, running from our initial study of background documents and public consultation submissions, through the various public hearings and including some post-hearing feedback received from some consultees.

### DOCUMENTATION REVIEW

- 5.6 The initial review of the various documentation provided some emerging themes, key lines of enquiry and areas for further exploration. These are summarised below:
  - A better understanding of the certainty of delivery of state owned sites identified for affordable housing given their important role in meeting the targets in the Draft Bridging Island Plan.
  - The barriers that might prevent the sites zoned for affordable housing coming forward for development, how these can be addressed and what contingency plans are in place should these sites be delayed.
  - An understanding of why introducing a policy to enable affordable housing to be included on market sites requires further research.
  - The ability of 'right-sizing' to significantly release family homes to assist with housing need.
  - The scale and impact of other activities in the market such as buy to let, empty homes, investor activity and the role played by the share transfer tenure form.

- How the policy to avoid an over-concentration of any type, size or tenure of housing in new development squares with other policies around increasing density and consequently the likelihood of the development of more flats and maisonettes.
- Assurance on progressing in a timely way the various documents needed to support the Draft Bridging Island Plan, including supplementary planning guidance and the Residential Development and Management Strategy.
- The impact on viability of higher environmental standards and design standards needs further clarification.
- The affordability of “affordable” housing products (both rent and market sale).
- Analysis of the assessment of housing need and its relationship with affordability.
- Andium’s funding model and how sustainable this is given the need to both maintain and enhance existing stock, meet ambitious development targets and review the affordability of rent levels.
- The role that the Jersey Development Company might play in developing affordable housing.
- The proposals for older people’s housing and the concept of extra care housing and its relationship with other policies such as the Jersey Care Model.
- How the considerable level of skill and resource Government will require to support the ambitious housing delivery targets in the Draft Island Bridging Plan and in Housing Action Plan is being addressed and the timescales involved in resolving this.

### PUBLIC CONSULTATION SUBMISSIONS

- 5.7 The majority of individual representations commented on population size and growth. The affordability of housing was also mentioned extensively. The responses from stakeholders focused on their experience and concerns within their particular areas of expertise.
- 5.8 The vast majority of respondents accept that there is a problem with the affordability of housing in Jersey and that there is a lack of available housing. The significant points from the consultation covered:
- Concerns regarding population size and growth
  - Problems of affordability of housing both in terms of rent and purchase. This included Andium homes let at 90% of market rent

- Over development of St Helier
- The location of new development
- The focus on flatted development
- Concerns regarding buy to let, overseas investors and empty homes
- A desire to see parishes having more of a role in housing delivery
- The view that the planning system causes delays due to lack of resources
- The need for Government to improve the process for disposal of sites in its ownership
- Concerns that the Housing Gateway does not fully articulate or reflect housing need.

5.9 There was no majority view expressed on possible solutions, although a range of suggestions were made:

- Brownfield sites should be prioritised for development
- Disused glass house sites should be developed (this came up several times)
- Build-to-rent should be pursued
- Compulsory purchase should be used for buildings that are not in use
- A development tax should be introduced on high value properties and capital gains tax payable on such assets
- Land reclamation should be actively pursued
- The management of the planning process should be better resourced to enable more timely decisions (funds could be raised by charging for services such as pre-planning application advice)
- Planning processes could be accelerated for affordable housing sites
- Tax relief available against the funding cost when purchasing a buy-to-let property should be removed
- There should be intervention to ensure consistent rent levels in the private sector
- Modern methods of construction were supported by several respondents as a means of increasing the speed of construction.

5.10 The findings from the documents and the outcomes of the public consultation informed the advice given by ARK to the Panel to assist it with the preparation and content of the questions for the witnesses at the public hearings.

### 5.11 PUBLIC HEARING – STATES OF JERSEY DEVELOPMENT COMPANY

- JDC has 280 apartments under construction at the waterfront in St Helier and a further development comprising 153 homes is about to be submitted for planning consent. There are further schemes in the pipeline.
- There is extensive engagement with the Planning Department and no significant issues with lack of resources or delays were identified.
- Work is in progress to improve environmental standards, focused on minimising the energy use of completed buildings as well as assessing alternative products to improve the performance of building fabric.
- The profit from the residential and commercial elements provide cross-subsidy for the public infrastructure and the public realm. Projects need to be self-funding and JDC is currently looking at how it balances these conflicting priorities whilst supporting the delivery of affordable homes. The Government as a shareholder has a role to play, for example by accepting a lower profit margin or a lower value for land in its ownership.
- It was noted that in JDC's view the affordable housing content of the Draft Bridging Island Plan is readily deliverable and it is the open market schemes that need as much attention.
- College Gardens is an example of a scheme of 187 apartments of which 40 were available for affordable rent and 40 were offered on a shared equity basis to eligible first-time buyers.
- JDC is seeking to improve the affordability of its first-time buyer products and also envisages it playing a role in assisting right-sizers.
- The construction market is extremely busy at the moment. JDC has introduced new contractors to the island from time to time in order to maintain a strong pool. Projects do, however, rely upon off-island subcontractors, not only to supplement the local capacity but also to provide specialist expertise.
- Opportunities for using modern methods of construction are currently being assessed, although the cost of transportation of these products (materials or modules) is a potential barrier that could outweigh the benefits.
- It was noted that, where Government owned sites are to be released, then early notification, say 2–3 years in advance to allow the planning and the design process to take place, would be beneficial. This would enable development to commence as soon as sites were released.

- Some of JDC's sales are to buy-to-let investors. At the Horizon site this was around 50% of the available homes, although the majority of purchasers were local investors. One of the reasons for relying on buy-to-let investors is the amount of pre-sales JDC is required to achieve in order to commit to the construction of a project. This requirement dates back to the establishment of JDC and is under review.
- Historically apartment sales have been made via share transfer. There is a commitment that in future these sales will be made via flying freeholds.

## 5.12 PUBLIC HEARING – MINISTER FOR THE ENVIRONMENT

- Control of the re-zoned sites targeted for affordable housing will be achieved through planning obligation agreements. Amongst other things, these agreements will confine occupancy of homes to households allocated through the Gateway.
- Planning agreements are often slow to reach a conclusion. It can take up to a year for officers to conclude these agreements.
- The Planning system is viewed as a ‘regulator’. No mention was made of planning being a promoter of specific forms of development.
- Andium and other affordable housing providers were judged to be ‘left to their own devices to acquire sites’. Could there be more active support for acquisitions and site assembly for affordable housing from GoJ in some form?
- It was noted that sites put forward for affordable housing in the Draft Bridging Island Plan had ‘willing owners’. Also, there are no substitute or reserve sites for those proposed for re-zoning and the Minister believes that GoJ will not approve removal of identified sites from the Plan.
- Generally, the Minister advocates more intervention from GoJ to deliver new affordable homes, using its powers more effectively.
- Whilst the Minister’s view is that the exercise of compulsory purchase powers is straightforward in Jersey, the States Assembly would have to vote money to support CPO acquisitions and there is real uncertainty about whether that support would be forthcoming.
- The draft plan and the sites therein have been subject to a strategic-level viability assessment.
- There are real concerns about workload and the loss of staff in the planning team. This presents a serious risk to successful implementation of the Plan. Building Control staff are also tending to leave. Recruitment is hampered by housing costs for new employees.
- Some consideration is being given by GoJ to expanding the definition of key workers, possibly to include planning staff.
- Some planning related tasks could be packaged or turned into projects in order to allow some outsourcing of project work
- The Minister is positive about the concept of change of use of some office buildings to residential to help with housing provision.
- The Minister would like to see States of Jersey Development Company ‘get on board’ in the drive to produce more affordable homes. He feels that its terms of reference should be adapted to work with GoJ in a more coordinated fashion and not be viewed simply as a financial/investment vehicle.



### 5.13 POINTS ARISING FROM ANSWERS TO SOME SUPPLEMENTARY QUESTIONS – MINISTER FOR THE ENVIRONMENT

- Resourcing options for the production of development briefs will be kept under review. A new Senior Planner post is being created to help with this resourcing need but there is uncertainty about whether this step alone will be sufficient. At present the Place and Spatial Planning Team is 'resource constrained'.
- Establishing a formal pre-application process with fees is currently being investigated.
- Land zoned for affordable housing will be safeguarded for this purpose in perpetuity and that will include 'right-sizing' and key worker homes. Eligibility criteria for these tenures will be established through the Gateway.
- Some supplementary planning guidance on housing standards is expected to be published in parallel with the Island Plan Review process but could be adopted ahead of the Plan.
- Any general planning obligation requirements for affordable housing sites will be identified in development briefs, where those sites have one.
- The Minister for the Environment is not a member of the Regeneration Steering Group and is not aware of the Creating Better Homes Political Oversight Group.
- The Strategic Housing and Regeneration team does not as yet have the necessary capacity and expertise to fulfil its role and there is perceived to be an unresolved conflict of interest with the Place and Spatial Planning Team.

#### 5.14 PUBLIC HEARING – MINISTER FOR HOUSING AND COMMUNITIES

- The Minister is represented on the Regeneration Steering Group but to date has not been involved in formulating the housing policies in the Draft Bridging Island Plan.
- The proposed new Housing Strategy and Regeneration Unit will be led by a new officer who is due in post in October. She is, though, an interim appointee.
- Work is already underway with re-defining ‘affordable’ in housing terms. An intention has already been declared to cap rents at 80% of market equivalents.
- There are real challenges for Andium with a change in rent setting policy. Careful consideration will be required to help Andium manage a change of rent setting policy although most of its rents are not yet at 90% of market as rent increases are limited by an agreed index linked to RPI. This policy actually works as a disincentive for households moving to ‘right size’ as they have to pay the full 90% of market rent on the new home.
- The Minister recognises that Andium has limited financial flexibility being quite highly geared and locked into its ‘return’ contribution level to States. This requires Andium to maintain a programme of sales of some existing stock to first time buyers, such as at Grasset Park.
- Financial levers were viewed as a good way to incentivise first time buyers or to create disincentives for sales to buy-to-let investors. The planned research on financial barriers to homeownership is not yet scoped or commissioned.
- The beginning of 2022 is the target timescale for commencing work on improving key worker housing provision.
- The scheduled publication of census results next year is likely to be a springboard for new GoJ policies on migration.
- The Minister recognises the need for concerted action on reaching a decision point on the sale of States owned sites to affordable housing providers.
- The planned new SPG on housing will be design led and address housing mix, maximizing development through good design and possibly something on modern methods of construction.

#### 5.15 POINTS ARISING FROM ANSWERS TO SOME SUPPLEMENTARY QUESTIONS – MINISTER FOR HOUSING AND COMMUNITIES

- A new definition of affordable housing has been developed and will be published 'shortly' [no specific date given]. Expansion in the definition to capture, for example, right-sizing or key workers will be 'consistent with the key principles'.
- Implementation of the 5 categories of actions in the Creating Better Homes Action Plan will have a designated lead officer.
- The design and recruitment of the rest of the Strategic Housing and Regeneration Team will commence once the new interim head of service is in post in early September.
- The review of social rent policy will be completed in 2021. The evaluation of affordable housing products will actually be in two phases, with phase 1 due for completion this year.
- The role of GoJ in promoting modern methods of construction is currently being considered by a political working group, convened by the Minister for Housing and Communities.
- The role of parishes in supporting affordable housing production could include 'co-ordinating or sponsoring' development.

### 5.16 PUBLIC HEARING – ANDIUM HOMES

- Andium does have a substantial existing capital programme of £14m to include new homes production.
- Processing planning applications is a significant drag on production. The expeditious production of development briefs could help and Andium would also like a dedicated planning officer to work with. Lack of resources in the planning team is a major issue.
- Andium would be comfortable paying a fee for a pre-application service provided this had clear service levels attached.
- The zoned sites are viewed as a good opportunity to deliver new family houses. Basing the mix expectations only on the Gateway applicant numbers may be unwise and good place-making principles should also inform the mix on zoned sites.
- Andium would have liked to see more sites coming forward through the re-zoning process. It suggested a Task Force on land supply for affordable homes in its written submission and would still like to see such an approach, with Andium participating.
- The issue of affordability and the link to rent setting really needs to be settled. There is an important correlation to income support – 34% of Andium tenants pay no rent and 60% get some level of assistance through income support.
- The link between Andium's return to States and rent setting was also explored. Andium would be interested in retaining some or all of the increase in the return which has arisen from the RPI inflator so that it could be applied to reducing rent levels or producing more affordable homes.
- There is some commentary on the island suggesting market rents may have been pushed higher as a result of the 90% target for affordable rents.
- Andium, works with four 'Tier 1' contractors in Jersey on its development programme. It can potentially offer a pipeline of 10 years and is increasingly looking to move to development agreements (for example at The Limes with ROC) to improve predictability of production. Andium seems fairly confident about construction capacity if it works closely with contractors.
- So far, Andium has had good experiences with modern methods of construction. It has tended to opt for improved efficiencies on site with easier to erect materials or those with better thermal efficiency. This has been its preferred approach so far rather than opting for more radical solutions like off-site manufacturing of modules.
- More work is required on the Passivhaus standards and some piloting would be desirable. It may be pragmatic to expect 80%-85% achievement of Passivhaus standards initially rather than expecting full accreditation.

### 5.17 WRITTEN ANSWERS TO QUESTIONS – MINISTER FOR INFRASTRUCTURE

- There is recognition that whilst commercial considerations are important in determining how GoJ manages its property portfolio, these do need to be balanced against community and sustainability objectives.
- GoJ has established a Corporate Asset Management Board to help oversee the way it manages the Government estate and deals with property disposals.
- The Minister for Infrastructure believes that a ‘better homes’ task force has been identified as a priority in the Creating Better Homes Action Plan and is expected to contribute to land assembly and site promotion. This suggestion of a task force actually came from Andium and ARK is not convinced that GoJ has implemented such a proposal.
- There are no significant alternative sites in GoJ’s ownership to those earmarked for affordable housing. Delays in delivering other major GoJ projects could delay the release of the identified sites.
- There is recognition of the potential for beneficial collaboration on site development between Jersey Development Company and Andium.

## 5.18 WRITTEN ANSWERS TO QUESTIONS – JERSEY CONSTRUCTION COUNCIL

- JeCC would like to see a central and accessible register of property assets in Jersey.
- JeCC has queried assessment of potential population growth and housing need, citing inconsistencies in some of the forecasts. Not all of the queries raised are factually correct but ultimately the main point emphasised by the JeCC submission is that there is not at present an ‘agreed and implementable’ population and migration policy.
- The issue of housing affordability was addressed quite fully in the JeCC submission, including by reference to how housing costs impact on workers in Jersey’s construction sector. There is reference to UK examples of the proportion of income a household should be expected to spend on housing. Using a typical measure, a single-income household would need to spend between 46% and 63% of net income on a one or two bed apartment. It would require 200% of an average construction wage to live ‘affordably’ in a 3 bed house.
- JeCC advocates an accelerated planning approval process, waiving planning fees for applications with over say 75% affordable housing and exemptions on stamp duty or import duties for materials for affordable housing development.
- Mention is made of the Homes England capital grant funding system as a good mechanism to support affordable homes production.
- More land re-zoned for affordable housing use is advocated as is greater use of deemed consents and even self-certification to support fast tracking of planning applications.
- A case is made for greater community involvement in pre application planning processes and some recognition of the quality of this engagement in how applications are subsequently processed and determined.
- The shortage of resources to support the planning process is highlighted including a lack of resources for pre-application processes.
- Caution is advocated on imposing new and higher design standards on schemes, especially small to medium sized schemes.
- There is a strong case made for more consistency and predictability of commissioning of construction and also for a more commercially informed approach to promoting the development of States owned sites.



## 6 ARK'S CONCLUSIONS AND RECOMMENDATIONS

### GENERAL PERSPECTIVE

- 6.1 Our role in providing expert advice to the Panel has enabled ARK to gain, in a fairly short period of time, a good breadth of understanding of the challenges facing the housing market in Jersey and, in particular, the provision of affordable housing.
- 6.2 We have been impressed by the degree of background research undertaken by GoJ to develop its understanding of issues impacting on housing supply and affordable housing. Likewise, we recognise that there is good commitment from other key agencies and partners for GoJ to play an effective and collective role in helping to improve affordable housing supply.
- 6.3 The quality of background understanding, well articulated in the HPDB report, has led to the formulation of some effective policy instruments. In particular this includes the Draft Bridging Island Plan and the Creating Better Homes Action Plan.
- 6.4 There are additional policy initiatives which ARK believes that GoJ could usefully adopt and our recommendations in this section include some precise guidance on these. Our general view is that the focus for GoJ and its partners needs now to turn much more to tackling resourcing and capacity issues and to actual implementation work. Consequently, many of our recommendations are focused on those aspects of achieving effective delivery of new affordable homes.
- 6.5 The remainder of this important section in our report is sub-divided by a series of key theme headings for our conclusions and recommendations. We hope that this gives the recommendations a logical structure and creates a useful framework for organising follow-up action.

### A) LAND SUPPLY

- 6.6 Evolving policy in Jersey linked to affordable housing supply recognises the crucial importance of improving access to developable land. The zoning of sites specifically for the purpose of affordable housing is a particularly useful policy tool which is not generally available in many other jurisdictions, for example across nations in the UK (other than in very limited circumstances). In ARK's view, GoJ needs to use this tool to best effect and avoid being deflected in its application by some degree of local opposition to new housing development.

- 6.7 Having a specific use classification for development land associated with affordable housing should create a natural cap on land value and this should be well below that associated with market residential development because of long-term restrictions on tenure. It will be important for GoJ to work with local valuers to establish properly what the appropriate value should be for plots of development land restricted to affordable housing use. If development economics are working properly, that value is the headline worth of zoned sites which then also needs to reflect their inherent abnormal development costs, for example for creating new site infrastructure. Those costs should be deducted from the already constrained value of affordable housing development land.
- 6.8 ARK accepts that there is a balance to be struck between the cost of zoned affordable housing land to new schemes, and the price secured by willing landowners. That can usually be arrived at by allowing a reasonable uplift from existing use value and that arrives at something usually referred to as 'benchmark land value' (BLV). Affordable housing schemes or zoned sites should not generate value above BLV in ARK's view.
- 6.9 The role of publicly owned land will be critical to the success of GoJ's drive to improve housing supply. There are a number of sites in public ownership already identified for new affordable housing. These take too long to come forward for scheme development and are not even specified for affordable housing use in the Island Public Estate Strategy. GoJ can do much to lead the way in securing a step-change in affordable housing production by speeding up the release of its own sites to providers. It also has the power to acquire other land, for example zoned sites which are taking too long to reach development stage.
- 6.10 Land promotion is a skill-set not generally well developed in the public and affordable housing sectors. Major developers and some landowners are highly skilled and well resourced in this activity area. They allocate significant energy to progressing sites through the planning process, resolving title and servicing/ground condition issues and getting land to a 'shovel ready' status. This can include assembling sites from disparate ownership or securing options or conditional purchase contracts well ahead of sites being zoned for development. Effective land promotion in all its forms will be an important piece in the jigsaw of achieving a sustainable and deliverable programme of new affordable homes in Jersey for the long term.
- 6.11 So, ARK's recommendations to GoJ on land supply are:

A1)	GoJ should aim to optimise the creation of new affordable housing development sites through the re-zoning of land. GoJ should follow a clear 'way-marked' path to agreeing the zoning of sites for affordable housing through the planning process. That process must allow for appropriate representations by landowners, parishes, the public generally and other interested agencies. ARK recognises that it is difficult to formally hold 'substitute' sites for those zoned in adopted policy for affordable housing, meaning that it is all the more important that adopted zoned sites do achieve development. However, it is possible for some background understanding to exist in the planning process of additional or future housing development sites.
A2)	GoJ should carry out some follow-up study, with input from an experienced RICS accredited Jersey valuation practice, on establishing appropriate benchmark land value for sites zoned, or in some other way restricted, for affordable housing development. The output from this work should help to manage expectations on land price for all relevant parties and support the development economics of affordable housing schemes.
A3)	GoJ should seek to release identified sites in its ownership for affordable housing schemes as soon as possible. Consideration should be given to how disposal processes can be speeded up in return for provider commitments on building out sites within an agreed period.
A4)	GoJ should consider, for some of its sites earmarked for affordable housing, whether it could enter early disposal deals with providers which allow the providers to progress pre-contract development work and GoJ to continue in use of the existing buildings until an agreed contractual deadline.
A5)	GoJ should commit to an active land promotion function for affordable housing, potentially in partnership with Andium Homes and Jersey Development Company. The role and resourcing of this function needs to be scoped but should include GoJ exercising compulsory purchase powers in specific but limited circumstances. The land promotion function should be long-term and report on progress to a specific minister or committee of GoJ.
A6)	Land promotion activity should include positive land assembly work for sites in multiple or complex ownership and also site remediation where that would significantly enhance the developability of a brownfield site.

## B) NEED AND AFFORDABILITY

- 6.12 From the evidence contributed to the Scrutiny Panel review, it is clear that housing affordability in Jersey is a key concern. This was illustrated particularly in the public submissions. One of the main pressures on housing affordability is perceived to be inward migration, contributing to increased demand, whilst supply has not responded, leading to rising prices.
- 6.13 In order to fully understand affordability in the housing market, an effective methodology for assessing housing affordability across all sectors is critical. The purpose of this methodology is to establish the degree to which the housing offer available to residents provides an affordable option. Once an affordability assessment has been made it can then be used to determine whether demand for housing is being met within the market and the extent of unmet need. This enables the required housing supply to be identified including, the type of housing, the tenure that should be provided and the amount of affordable housing required.
- 6.14 The need for affordable housing can also be more fully understood by considering the existing housing waiting list. However, it is important that this list fully represents housing need and that there are not undue restrictions on eligibility.
- 6.15 Low-cost home ownership products are often seen as an effective policy measure to assist first time buyers. However, to be effective, the products offered should be consistent and easily understood by the market and by individual purchasers. The underpinning policy should be designed with clear objectives based around the cohort to be assisted, the income levels targeted and how success would be measured.
- 6.16 Policy implemented to support older people moving from underoccupied larger homes to smaller homes has had varying levels of success elsewhere. It is important that right-sizing policy is based on an understanding of what would motivate an older person to move and what incentives they would need. Gaining a greater understanding of older people's housing aspirations, rather than just their housing needs, would be beneficial in making this type of policy intervention more successful.
- 6.17 Supported housing is acknowledged as an area of potential housing need in the Draft Bridging Island Plan. There is considerable focus on older people's housing and although, clearly, this is an area with considerable need other supported housing requirements should not be overlooked.
- 6.18 So, ARK recommendations in relation to affordability and housing need and demand are:

B1)	<p>The Objective Assessment of Housing Need (OAHN) which underpins the Draft Bridging Island Plan, should be built on and updated to develop a model to assess housing need and demand. The purpose of this is to provide a robust, shared and agreed evidence base for housing policy and land use planning.</p> <p>The model should include a methodology for assessing housing affordability, critical to establishing the degree to which market housing offers an affordable option to residents. Once a measure of affordability is established, it will help to determine whether demand for housing is being met within the market and the extent of unmet need. This in turn enables the required housing supply target to be set including the type of housing, the tenure that should be provided and the amount of affordable housing required.</p> <p>This robust methodology would then form a consistent basis for regular (at least every 5 years) reviews of housing need and demand.</p>
B2)	<p>As part of the proposed social rents policy review, the impact on tenants of their rents being set at, or increasing to, 90% of market rent should be investigated. The review should assess the ability of tenants to meet their living costs, the role played by income support and whether rents set at 90% of market rent discourages people from taking up employment opportunities.</p>
B3)	<p>The Minister for Housing and Communities should expedite urgently amendments to policy guidelines for determining eligibility for social rent and affordable purchase properties.</p> <p>The outcomes should be used to review the mix of tenure for the affordable sites proposed within the Draft Bridging Island Plan to ensure that the mix is reflective of actual housing need.</p>
B4)	<p>In order to effectively facilitate a downsizing policy, the housing aspirations of older people need to be understood, including what specific features of new accommodation would motivate them to move and what incentives they would need.</p> <p>The 'right-sizing' policy needs to have clear and measurable objectives and should be specific in its targeting to ensure that the beneficiaries meet the requirements of the Housing Gateway.</p>
B5)	<p>The housing needs of some younger cohorts (such as those with learning disabilities, who are homeless or young care leavers) with specialised housing requirements need to be understood more fully. This should lead to the setting of specific targets for appropriate types of housing based on up to date information on current and forecast need.</p>

B6)	<p>The Creating Better Homes Action Plan commits to removing the ability for developers to create new share transfer dwelling units. This policy should be carefully crafted to ensure that new build properties cannot revert to the share transfer model on subsequent sales and to explore whether the sale of existing properties transferred via share transfer can be restricted.</p>
B7)	<p>The affordability of low-cost home ownership products should be assessed in line with the recommendation in B1. This can then be used to define the most appropriate low-cost home ownership product and whether the assisted purchase scheme needs to be updated. The equity level being sold could be varied to target particular key workers or specific income levels.</p> <p>The parishes should be engaged to support the new product so that there is a consistent approach to low-cost home ownership. This would not preclude allowing local connection criteria to be applied, although eligibility should be assessed based on the policy guidelines governing the Housing Gateway.</p>



### C) FUNDING AND SUBSIDY

- 6.19 Affordable housing provision is reliant on subsidy in some form in order for it to be developed and funded economically and offered to households at an affordable price.
- 6.20 The current subsidy system in Jersey is relatively unusual in that it relies heavily on revenue subsidy, in the form of income support for households on modest means, rather than on capital subsidy. Some affordable housing is subsidised at source, either through land or building acquisition prices being depressed when compared to market prices or because it benefits from some cross-subsidy from market sales (like Andium's programme of sales to first time buyers). However, capital subsidy is at very low levels in the system as a whole.
- 6.21 The revenue based subsidy system is bolstered by reliance on high rents for social rented housing. The target for social rent setting of 'up to 90% of market rent' is too high in ARK's view, as explained in our conclusions and recommendations under 'B)' above. So, if social rents are contained at a lower level, it follows that revenue and therefore revenue subsidy levels will be lower and it will be necessary for more capital grant funding, or other capital subsidy, to be available in order to achieve viability for new schemes.
- 6.22 A better balance between capital and revenue funding is advisable and sensible in ARK's view. It will improve certainty for providers, reduce reliance on very high borrowing levels (with related gearing risk) and make the subsidy system overall more resilient.
- 6.23 Andium's commitment to making a revenue return to GoJ, effectively a yield on GoJ's investment of its housing stock in an arm's length company, is contributing to the current high target level of social housing rents. If social rents are capped at a more affordable 80% of market rent, and this is applied to Andium's existing stock, the financial return to GoJ needs to be moderated. This reduction is likely to be offset by a reduction in GoJ's commitment to income support for Andium tenants. The moderation in the return might only need to reflect removal of some or all of the annual inflation from the payment for an agreed period.
- 6.24 Land cost can represent a significant proportion of the production cost of a new dwelling, including an affordable home. Containing land cost for affordable housing is potentially a very important contribution to capital subsidy. GoJ has the potential to influence land cost substantially, both in relation to zoned sites (as discussed earlier under 'A) Land Supply' and in terms of prices charged to providers for purchasing publicly owned sites. If GoJ sites are sold for affordable housing development at prices below the realisable market value for those assets, GoJ can protect its subsidy through some form of land charge (albeit this may need to rank behind charges in favour of lenders).

6.25 The potential for subsidising affordable housing with the benefit of cross-subsidy from market tenures could, and in ARK's view should, be exploited more fully by GoJ and its provider partners. Aside from providers like Andium leading development schemes with mixed tenure and inherent cross-subsidy, Jersey Development Company also has a potentially important role to play in generating affordable housing from part of the proceeds of its market residential and commercial development. It should be noted that planning obligations requiring market developers to deliver affordable housing on their sites is also, effectively, a form of cross-subsidy.

6.26 So, ARK's recommendations to GoJ on funding and subsidy are:

C1)	GoJ should undertake a careful appraisal of the impact on development economics, viability and affordability, of rebalancing the current housing subsidy system in Jersey to allow for a higher level of capital subsidy. The whole of the business case for this change needs to feature in the appraisal including the reduction in income support requirements.
C2)	If GoJ agrees that a system of capital grants be introduced for new affordable housing development, especially for social rented homes, the system will need to be codified and include obligations on providers to meet certain standards for homes and their management when delivered with grant support. The system should include a mechanism for grant to be accounted for on provider's balance sheets as a contingent liability.
C3)	Rolling out change to capital subsidy opportunities needs to be harmonised by GoJ with changes to the definition of affordability and the cap on social rents. These initiatives need to go hand-in-hand.
C4)	Andium's commitment to pay an annual revenue return to GoJ should be reviewed in light of proposed changes to social rent setting. Modelling work will be required by Andium and GoJ to examine whether removing or reducing the inflation index on the return will be sufficient of itself to secure Andium's continued business viability and for how long that reduction should persist.
C5)	GoJ should agree to release publicly owned sites for affordable housing at less than their market worth. Any subsidy thereby invested in schemes should be protected by means of a second charge on the resultant development schemes.
C6)	GoJ and providers should work energetically to promote opportunities for the cross-subsidy of affordable housing by market housing or commercial development where realistic. For the avoidance of doubt, ARK does not advocate including market homes on sites zoned for affordable housing; that would compromise the operation of that important planning policy. We would though advocate a more pronounced role for Jersey Development Company in cross-subsidising affordable homes.

## D) OTHER POLICY

- 6.27 Population and migration management are obviously really pivotal policy considerations when it comes to containing and responding effectively to housing market pressures. ARK understands that GoJ is due to update its policy on managing population growth in the course of this calendar year. That will offer much needed clarity on whether the forecasts for household growth which have informed the OAHN and the Draft Bridging Island Plan housing production targets look realistic. For the time being, we have assumed that the published forecasts are reliable from a planning and policy development perspective.
- 6.28 Some controlled growth in Jersey's population is no doubt important to the economic well-being of the island. Certainly, essential jobs in health, care and some services will be dependent on workers from abroad. ARK believes that the 'key worker' definition for people warranting help with their housing and settlement needs in Jersey should officially extend to housing strategy/development and planning personnel and to some construction workers if GoJ is to meet its ambitious housing production targets.
- 6.29 Housing incentives targeted to key workers are crucial to attracting and retaining good recruits. For any incomer to Jersey, housing costs are a fearsome challenge compared with levels they might be used to. Offering good quality accommodation at an affordable rent is an important means of securing the services of key workers. For retention, when key workers have settled for the medium to long term in Jersey, options to buy suitable housing at an affordable price will make a significant contribution to retaining the best staff. Whilst it would, in ARK's view, be relevant for employers to play their part in offering attractive housing incentives to key workers, there is a wider public and economic benefit. It is therefore appropriate for GoJ to play a lead role in getting the housing offer right for key workers and, anyway, many of those workers will be public sector/government employees.
- 6.30 In common with governmental bodies in most European jurisdictions, GoJ is reluctant to use its compulsory purchase powers in the pursuit of its policy aspirations. Whilst that is a healthy state of affairs in ethical terms, there are in ARK's view legitimate reasons why compulsory purchase should be deployed in pursuit of affordable housing provision and area regeneration. If GoJ is to make the most of its potential to promote land supply for affordable homes, there will be occasions when compulsory purchase is necessary to assemble sites or to achieve a desirable pace of development. The mere fact that the market recognises the existence of the compulsory purchase power and GoJ's willingness to deploy that power when necessary, will support effective negotiation for land acquisition.
- 6.31 There are, in ARK's view, a series of other aspects of planning related policy in Jersey which would benefit from enhancement and innovation. We would like to see more clarity around the application of planning obligations for affordable housing purposes. GoJ's stated intention is to use planning agreements to secure constraints on the use of land for affordable housing.

In ARK’s view this is sensible because planning obligations can be enduring, like land charges, if well crafted. So far as we are aware though, there is limited detail currently on what form those planning obligations will take and the degree to which they are standardised.

6.32 The Draft Bridging Island Plan highlights that GoJ is minded in due course to require all residential development sites over a certain size to deliver a proportion of affordable housing. We are given to understand that viability appraisal work has been undertaken on GoJ’s behalf suggesting that it would be inadvisable currently to introduce such a policy. ARK has not seen the outputs of this viability appraisal work. It may well be that the introduction of new and demanding design and environmental standards for housing and the zoning of some sites specifically for affordable housing development only meant that the residential development sector would struggle to manage additional demands through the planning system. ARK feels that the case for delaying the introduction of affordable housing planning obligations needs to be articulated more clearly and be accepted more widely. In our view it should be accompanied by a target timescale for introducing the policy.

6.33 Another potential innovation in planning terms, which can help to speed housing delivery but which is likely to be controversial is an expansion of permitted development rights. In England this policy approach has been focused on enabling developers to convert redundant office premises to residential without the need to secure a full planning consent (although the ‘notification’ processes to planning authorities for such conversions do feel much like securing planning consent in many areas). There is, in ARK’s view, a case for GoJ exploring greater use of permitted development rights where this will secure new affordable homes of an acceptable quality.

6.34 So, ARK’s recommendations to GoJ on other policy developments are:

D1)	ARK recommends that GoJ finalises its emerging policy on population and in-migration management and, in so doing, retains a weather eye on how the agreed policy will impact on current policies for new housing provision. The new population policy will need to link effectively with the definition of and need for key workers including additional housing development and planning personnel.
D2)	GoJ’s new policy on population management will need to consider how workers and residents gain entitlement to more settled housing tenures, especially if they are in specific job roles which are critical to the economic and social well-being of the island, including production and management of affordable homes.
D3)	ARK recommends that GoJ works towards an expansion of the definition of key workers to include vital roles in affordable housing development, planning and construction. The expanded definition of key workers needs to be accompanied by an expansion in the amount of subsidised housing available for approved incoming key workers.

	In ARK's view the key worker housing should be classified as 'affordable' for qualifying workers and managed in some form by GoJ or affordable housing providers (even if leased from private landlords or licensed in some way).
D4)	For settled key workers in qualifying roles, a 'rent-to-buy' offer should be developed which enables those workers to establish long-term roots in Jersey and means that those workers do not necessarily need to move in order to acquire their homes. It may be appropriate for the 'buy' option to be an affordable purchase basis and for there to be buy-back potential for an affordable housing provider or GoJ, to keep that housing in some form of affordable use in the long-term.
D5)	ARK recommends that GoJ should implement its suggested policy to impose a compulsory purchase 'backstop' on sites zoned for affordable housing, to ensure as far as possible, that these are developed within a reasonable timeframe. ARK also believes that GoJ should have a broader policy on the use of its compulsory purchase powers to support affordable housing development and area regeneration.
D6)	ARK recommends that GoJ develop and resolve its policy position on the use of planning obligations to support affordable housing development. This policy should encapsulate requirements for zoned land to remain in affordable housing use in the long-term (or in perpetuity) and for larger market residential development sites to deliver a specified proportion of affordable homes from an agreed date. ARK would suggest that these policies are best expressed and implemented via supplementary planning guidance and supported by model clauses for planning agreements.
D7)	It would be helpful, in ARK's view, for GoJ to review its use of permitted development rights in relation to affordable housing production. The review should examine carefully relevant experience in other jurisdictions and the balance of advantages and disadvantages. Considering the potential for new policy in this area should link to consideration of other planning process improvements suggested in Section F) Delivery.

**E) LEADERSHIP**

- 6.35 We recognise from the work we have carried out in connection with our advisory role to the Panel that GoJ acknowledges the importance of its central role in improving the supply of affordable housing in Jersey. ARK does feel though that GoJ could demonstrate its leadership more fully in a range of ways, all of which revolve around its level and style of intervention in the housing market and the housing production process.
- 6.36 During the public hearing with the Minister for Environment, the Minister stated that the planning system was essentially a 'regulator'. Whilst we agree with that statement entirely, ARK feels that it only captures half of the essence of good town planning. In ARK's view, GoJ needs also to be an effective 'promoter' of new homes including affordable homes and this is forward planning at its best. Many of our recommendations in this report revolve around GoJ as a promoter of new homes, including via its planning policies and function.
- 6.37 More specifically, ARK's recommendations in relation to GoJ's leadership role include:

E1)	The concept of GoJ and its planning function in particular as the key 'promoter' of new affordable homes should, in ARK's view, be central to the development and roll-out of policy and practice by GoJ. We feel that very clear statements to that effect should be heard consistently across Government as it gets to grips with Jersey's housing market challenges.
E2)	ARK recommends that GoJ looks to engage actively with parishes across Jersey in the pursuit of improving affordable housing supply. We recognise that there are already, and will continue to be, some tensions in relations between some parishes and GoJ around the zoning of some sites for affordable housing, especially green-field sites. ARK recommends that GoJ should remain assertive in its promotion of zoned sites identified in the Draft Bridging Island Plan and be clear with parishes that these sites are a crucial component in the range of new supply initiatives needed for the Island's well-being. Hopefully most parishes will be constructive partners and some will be able to work as positive promoters of affordable housing schemes in their areas, including identifying windfall sites.
E3)	The Minister of Housing and Communities and the Creating Better Homes Action Plan are clear about GoJ's intention to establish a Housing Strategy and Regeneration Team. ARK recommends that this action be close to the top of the list of priorities for GoJ. We also advocate a strong role for what is normally described as 'housing enabling' in the function of that team. Active enabling will include a range of GoJ initiatives covered elsewhere in these recommendations but it also describes a practical level of support for partners to bring schemes forward and an energetic programme management role. That will identify early blockages to progress with schemes and co-ordinate action across Government and with partners to get schemes back on track.



E4)	<p>ARK recommends a fuller role for Jersey Development Company (JDC) in helping GoJ to realise its affordable housing development aspirations. JDC has good site assembly, land promotion and infrastructure development skills and these could, and should, be brought to bear on some affordable housing schemes. JDC and Andium together could potentially adopt a partnership approach to many residential schemes, especially where cross-subsidy could deliver affordable homes. We mention in the next subsection the potential for joint venture investment and intervention in the housing market by GoJ. JDC seems to ARK to be an excellent vehicle to help support more JV initiatives by GoJ on affordable housing development.</p>
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## F) DELIVERY

- 6.38 One notable feature of policy making and background commentary in Jersey about the provision of new affordable housing is the focus on Andium as the provider and manager of new homes. Andium is proving itself to be an effective affordable housing developer and is central to the debate on how best to enhance supply. However, ARK does feel that too little attention is paid to the potential role of other affordable housing providers.
- 6.39 The potential offered by working closely with other affordable housing providers, like Jersey Homes Trust or Les Vaux Housing Trust should be properly understood by GoJ. These providers are small in comparison with Andium and lack dedicated development resources but there may be scope, through active enabling by GoJ and by partnership working with Andium, to achieve some additionality in the new homes programme.
- 6.40 There might also be a role for other providers, even off-island organisations, in some segments of the affordable housing sector; although this is not something ARK is advocating or feels is worth significant investment in business development terms. Where additional specialist expertise or investment potential could be generated by involving some new providers, perhaps where they contract management services from an existing Jersey provider, may be worth following up if those opportunities present themselves.
- 6.41 We have seen and heard from various representations made to the Panel that resourcing for planning and for housing enabling is strained and that this is a material barrier to timely and effective delivery of new homes. The shortage of planning personnel is particularly acute.
- 6.42 More effective delivery of development management services needs to be at the top of GoJ's resourcing priorities in ARK's view. Alongside some important processing improvements, we would like to see GoJ being energetic in seeking to secure additional skilled planning personnel and innovative in how to fast-track application processes in other ways.
- 6.43 We mentioned in sub-section 'E' earlier just how important active enabling of affordable housing supply can be and how this also revolves around having skilled and experienced resources available to support this GoJ housing function.
- 6.44 ARK's view is that, given the pressing need to enhance supply and create a more delivery orientated environment, GoJ will need to look for some external help to plug the immediate gaps in resourcing. The most straightforward way of improving things quickly is to identify which aspects of planning and enabling activity could be turned into projects capable of being delivered by contractors, at least on a temporary basis.

- 6.45 The formulation of development frameworks or planning briefs are an obvious opportunity for external support. This approach to fleshing out the design and planning context for larger or more complex sites or areas is a very sensible way of streamlining the planning process. However, if such frameworks are required, as already declared for some sites, and GoJ cannot progress their production, then the framework actually becomes a block on progress.
- 6.46 A number of representations to the Panel and answers to questions from witnesses recognised that a formal pre-application process for consents could help applicants to secure constructive advice from planners and formulate proposals likely to smoothly progress to consent. In other jurisdictions, particularly in the UK, pre-application is a well proven planning tool. Planning authorities typically charge for a pre-application and give clear service commitments on handling the process and reporting on its results. Charging for pre-application will help GoJ to fund the additional development management personnel it needs.
- 6.47 Some planning applications/consents should be fast-tracked in ARK’s view. The priority in GoJ’s overall policy agenda for new affordable housing production would, in ARK’s view, warrant applications for affordable housing schemes being a focus for fast-tracking initiatives. This might be linked to rapid production of development frameworks, priority for pre-application or specific planning officers dedicated to key applicants like Andium. It will also link to the points we raised in sub-section ‘D’ in connection with permitted development. Certainly, it makes sense for applications compliant with an established development framework to be progressed through the application process as quickly as possible. The representation made by Jersey Construction Council advocated self-certification of compliance with planning policy/standards by applicants as a means to achieving swift throughput of applications. ARK’s judgement is that this would be a step too far at present but could be examined more closely if other initiatives to speed the planning process do not secure good results.
- 6.48 So, ARK’s recommendations to GoJ on specific delivery initiatives are:

F1)	ARK recommends that GoJ carries out a brief review of the status and capacity of the island’s affordable housing providers other than Andium. This should include specific dialogue with each. The review should have the objective of assessing the contribution to delivering new affordable homes which other known providers could add to Andium’s contribution and the degree of enabling support those providers would be likely to require.
F2)	ARK recommends that GoJ should review what, if any, approaches it has received over the past 2 or 3 years from other organisations claiming to be interested in developing or managing affordable housing, who are not currently established in Jersey in that role. If this suggests potential interest from an organisation with something useful to add to the current provider mix then GoJ should initiate some follow-up exploratory contact.

F3)	As an immediate priority, GoJ should identify the extent to which it believes its planning team is short on personnel sufficient to support the planned increase in housing production. Once that shortfall is clarified, GoJ should develop a recruitment (and retention) strategy and also aim to have planning (and housing enabling) staff classified as key workers.
F4)	In conjunction with F3 and with establishing an effective housing enabling role, ARK recommends that GoJ identifies aspects of both the work of the planning team and the housing enabling team which could be turned into projects suitable for advancement with the help of external support. Obvious candidate activities include the formulation of development frameworks/briefs and the creation of a programme management tool for monitoring affordable housing production.
F5)	The production of development frameworks for larger affordable housing sites should be a major priority for GoJ in ARK's view. ARK recommends that overseeing the production of these becomes a specific key responsibility for a suitably senior civil servant in the planning team.
F6)	Linked to progressing formulation of development frameworks, ARK recommends that GoJ looks to institute other process improvements to speed up planning applications for housing schemes and especially affordable housing production. This should include a formally agreed pre-application process with appropriately set fees for applicants and other fast-tracking initiatives including better use of permitted development rights and dedicated planning team members.

**G) CAPACITY AND RESILIENCE**

6.49 Much of this section of our report and our specific recommendations revolve around building greater capacity to achieve a step change, and a sustainable one, in increasing affordable housing supply. So, this final sub-section includes a small number of additional recommendations, not picked up elsewhere, which expand on capacity building and on resilience in the affordable housing system.

6.50 Our final recommendations on capacity and resilience are:

G1)	At the core of improving the delivery of new affordable homes is partnership working, especially between GoJ, local communities, providers and constructors. We mentioned earlier that joint ventures should be utilised by GoJ and its partners to formalise and sustain some of their joint working initiatives. This will clarify roles, responsibilities and potential returns and help parties to share risk effectively. ARK recommends that GoJ facilitates effective joint ventures between Jersey Development Company and Andium and between those parties and developers and constructors. Ideally, GoJ should lead the way and this could include risk sharing partnerships on land promotion including site remediation where appropriate.
G2)	The construction sector in Jersey and elsewhere is already fairly stretched. At present there are acute shortages of some building materials and whilst it is hoped that most of these will be temporary, pressure on both materials and labour availability will be a continuing feature of the sector. ARK recommends that GoJ leads research on the role of modern methods of construction to help ease capacity pressures in the medium to longer term. ARK further recommends that the priority for deploying MMC builds on Andium’s practical approach of utilising materials and methodologies which simplify the conventional construction process and improve thermal and environmental performance of buildings. We do though advocate careful consideration of the feasibility and potential benefits of off-site manufacture of building modules as a development step for Jersey’s adoption of MMC.
G3)	ARK recommends that GoJ, in partnership with providers, constructors and construction related consultants, expands construction and development skills opportunities for young people and for existing workers in the industry. Investment in this ‘infrastructure’ for housing development will secure major returns in terms of the sector’s potential and productivity. This is a really important platform for sustainable capacity improvements.

G4)	As a final recommendation, ARK suggests that GoJ places a special emphasis on retention of skilled staff supporting affordable housing development. We made some earlier recommendations on recognising the key worker status of some staff in planning, housing development and construction roles and on creating housing incentives for these staff. Rent-to-buy is one obvious retention incentive but GoJ needs to lead partners in exploring what other initiatives are possible and desirable to improve key staff retention levels.
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