

STATES OF JERSEY



DRAFT HOUSING (GENERAL PROVISIONS) (AMENDMENT No. 27) (JERSEY) REGULATIONS 201-

**Lodged au Greffe on 19th October 2010
by the Minister for Housing**

STATES GREFFE



Jersey

DRAFT HOUSING (GENERAL PROVISIONS) (AMENDMENT No. 27) (JERSEY) REGULATIONS 201-

REPORT

Proposal to reduce Regulation 1(1)(f) (non Jersey born) residential qualifying period from 11 years to 10 years

Introduction

Since 1949, the States has sought to manage high levels of demand on the Island's housing stock, and when last debating the principles, supported a 10 year qualification period for persons born outside of Jersey.

Reducing the qualification period to 10 years is part of an overall strategy to support fairer and more affordable housing provision, including –

- A sufficient stock of housing supply to meet the needs of an expanding and changing population, including social housing.
- New tenancy rights and standards, which also support good landlords and includes the unqualified sector.

The qualification period is presently 11 years, and a further reduction at this time, with the housing market so flat, and with so few new qualifiers expected to move, is only expected to have a very marginal impact on demand in the qualified sector.

The History

The concept of a housing qualification period arose from a concern after the Occupation that too much demand was being placed on Jersey's housing stock, and that it needed to be protected.

As a part of the British Isles, Jersey cannot prevent British people coming to live in the Island. European Community nationals have the same right to reside here. Accordingly, the Island manages the ability of migrants to purchase or lease property - and also restricts their employment opportunities – in order to manage immigration, and its impact on housing and jobs. Despite this, Jersey house prices remain above those of our neighbours.

In this context, a reasonable housing qualification period is considered appropriate, and various States decisions have been made in this regard:

- Until 1980, “non native” residents were entitled by virtue of length of residence of 10 years to gain access to the controlled housing sector in order to lease (and 20 years in order to purchase).
- In 1980, the 10 year qualification rule was removed as a means of curbing immigration and the consequent demand on the housing stock.
- In 1995, the inequality of permanent residents with no housing rights was recognized, and a 20 year qualifying period was re-established, to be effective from 2000. This was reduced to 15 years by 2003.
- As part of the Migration Policy, P.25/2005, the States agreed in principle to reduce the period to 10 years, the same period which prevailed until 1980. By early 2009, this qualification period had been reduced in yearly tranches to 11 years, which is the current requirement.

The table below outlines numbers qualifying in recent years –

Year	Non Jersey Born Numbers Qualified	Numbers Qualified “early” due to 1 year reduction	New Qualifiers who:				All consents Issued
			Leased Privately	Bought Freehold or Share Transfer	Leased with Housing Trust	Accepted onto States Rental	
2006	474	284	154	98	26	29	2,039 *
2007	790	375	243	125	21	26	1,881 *
2008	572	–	119	50	2	17	1,617 *
16 months May 2009 – Sept 2010 (from reduction to 11 years to date)	1,097	698	262	123	10	14	1,899 purchases (and 3,663 leases)

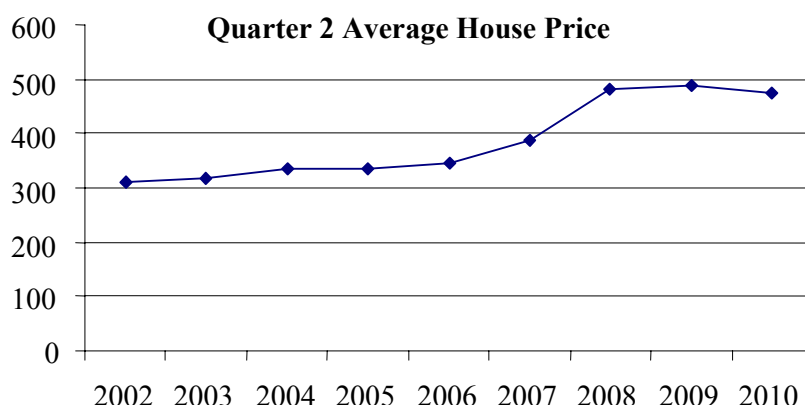
**purchase consents only*

The new draft Migration Law has been presented to the Law Officers, with an expectation that a debate will take place in May, 2011. With Privy Council, and systems and process development work, however, it will be 2012 before the Law is in force. In the meantime, the 10 year qualification period can be achieved through again amending the Housing Regulations.

The Housing Market

The housing market has been essential flat since early 2008, with average property prices hovering around £475,000. Of course, in the period 2006 – 2008, house prices rose dramatically, by upwards of 20% per annum, while the period 2002 – 2005 saw essentially flat prices, as now.

£000



Rents have followed a similar trajectory, being stable between 2003 – 2006, rising sizeably by 8% in 2007 and 10% in 2008, and slowing thereafter as the economy slowed.

It is clear therefore that house prices and rents are heavily subject to economic conditions, with the steep rises of 2006 – 2008 matching a period of high economic growth, and the recent slowing in market coinciding with slowing economic performance: GVA growth in 2006 and 2007 was 5% per annum, with GVA being static or declining between 2002 – 2005 and 2008 – 2009.

Over this cycle as a whole, house prices and private sector rents have outstripped earnings and general inflation, with the following table being illustrative:

% Growth	House Prices	Private Sector Rents	Earnings	Retail Price Index
2002 – 2010	53%	40%	34%	31%

While these statistics should strike a note of caution into any decision to reduce the housing qualification period, **it is the general economic health of the Island and the overall supply of housing which are the key determinates of house prices and rents, not gradual reductions in the qualifying period.** Indeed, with house prices so flat, now is the time at which most confidence should exist that a one year reduction will not have any material effect on prices.

This has been the advice from the Economic Advisor, who concludes that changes in new qualifiers arising from incremental changes in the qualification period have little, if any, impact on prices. Indeed, following previous reductions to the qualifying period, it is estimated that only 3% of all purchase consents and 5% of lease consents subsequently issued were to persons who had taken advantage of qualifying one year early, or to put it another way; 63% of all new qualifiers did not transact in their first year of being qualified at all. This is because these are established residents who have settled living arrangements, for example, living with qualified partners, or who face financial constraints in whichever sector they live in.

A gradual approach to reducing housing qualifications means that sufficient time and space exists for the housing market to adjust to changing supply and demand:

- The proportion of the population who have housing qualifications has increased from 79% to 89% since 2001; meaning that the numbers of persons with housing qualifications is around 7,500 more today than it otherwise would be.¹
- Over a similar period, between 2002 – 2008, an additional 4,100 qualified units were created, being sufficient to house these new qualifiers, bearing in mind changing household sizes²

Therefore, we have rules which appear less divisive, where it is easier for new migrants to see how they can become locally qualified and part of a settled community, while housing provision has expanded. Going forward –

- Over the period 2009 – 2018, it is estimated that the 4,700 additional units, including non qualified by way of town and windfall sites, will be created, being sufficient to accommodate projected new immigration, and changes in household size and demographics (Source: Island Plan Review).

In this context, a further one year reduction in the housing qualification period is of marginal consequence, and only relates to *existing* residents qualifying one year earlier than they otherwise would, and therefore, can be accommodated within the Island Plan provisions.

While it is unknown how many people who arrived in 2000 are still here and would seek their qualifications - past experience would suggest of an order of 300 – 500 people would qualify early as a result of this change, and of these, 50 may go on to purchase property, and 100 to lease, one year earlier than they would otherwise.

It is also notable how few new qualifiers obtain social housing. Only 14 newly qualified persons entered States Housing and 10 entered Housing Trust accommodation, out of 1,097 total new qualifiers, in the 16 months since May, 2009. So, while some *small* addition to the Waiting Lists will occur, these are persons in need and likely already in receipt of Income Support.

The unqualified sector

In setting a qualification period, it is also vitally important to have a strategy which recognises that important workers will not have access to qualified housing, and which mitigates the potential harm this causes.

Lodging arrangements are available to unqualified persons,³ and while standards have improved considerably in recent years, some of the stock remains unsatisfactory, especially in the unregulated sector of the market housing less than 5 lodgers. To improve standards, however, more supply is needed - otherwise prices will be forced

¹ Should the ratio of unqualified persons to qualified persons have remained the same as 2001, this would mean 16,000 would be unqualified in 2009 instead of an estimated 8,500 (Jersey Annual Social Survey, 2009). As explained, many of these new qualifiers do not go on to establish new households.

² Average household size was 2.33 in 2009 compared with 2.38 in 2001 and 2.47 in 1991.

³ Other more skilled migrants are granted 1(1)(j) consent - with 1,720 such employees now living locally - in the belief that these persons would not come to the Island in sufficient numbers if these special housing permissions were not offered. Most of these work in front line public services or high value activities, in particular, in the finance industry.

even higher, if, for example, minimum space standards are increased for families with children.

In addition, enhanced rights for all persons entering into tenancy type arrangements, including unqualified persons, is being brought forward, including security of tenure, deposit protection, and property condition reports.

Recommendation

A 10 year qualification period has been settled upon as a reasonable qualifying period – appearing sufficiently long, but not excessive in light of Jersey’s position.

In the present market conditions, and bearing in mind that it is expected to have a marginal impact, it is recommended that the reduction to 10 years be introduced now.

Financial and manpower implications

There are no financial or manpower implications for the States arising from these Draft Regulations. While some additional demand will arise on Social Housing stock, this is very minimal in extent, with these persons likely already qualifying for Income Support.

APPENDIX

Purchase Summary:

Number Qualified from day qualification period reduced to 11 years until end of September 2010	1097	Number Purchased Freehold Property (including First Time Buyer Property)	101	Number Purchased Freehold 1 Bed House (including First Time Buyer Property)	3	Number Purchased Freehold 2 Bed House (including First Time Buyer Property)	8	Number Purchased Freehold 3 House (including First Time Buyer Property)	46	Number Purchased Freehold 4 Bed House (including First Time Buyer Property)	14	Number Purchased Freehold 5 Bed House (including First Time Buyer Property)	5	Number Purchased Freehold 6 Bed House (including First Time Buyer Property)	2	Number Purchased Freehold Multiple Unit Property	4	Number Purchased Freehold Land (including First Time Buyer Property)	2	Number Purchased Freehold 1 bed Flat (including First Time Buyer Property)	10	Number Purchased Freehold 2 Bed Flat (including First Time Buyer Property)	7
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Number Purchased Share Transfer Property	22	Number Purchased Share Transfer Bedsit	1	Number Purchased Share Transfer 1 Bed Flat	10	Number Purchased Share Transfer 2 Bed Flat	10	Number Purchased Share Transfer 3 Bed Flat	1
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Lease Summary:

Number Qualified from day qualification period reduced to 11 years until end of September 2010	Number Leased Private Property	Number Leased 1 Bed House	Number Leased 2 Bed House	Number Leased 3 Bed House	Number Leased 4 Bed House	Number Leased 5 Bed House	Number Leased 6 Bed House	Number Leased MUP	Number Leased Bedsit	Number Leased 1 bed Flat	Number Leased 2 Bed Flat	Number Leased 3 Bed Flat	Number Leased 5 Bed Flat
1097	262	6	22	27	10	4	2	2	21	88	62	16	2

Assisted Rental Summary:

Number Qualified from day qualification period reduced to 11 years until end of September 2010	Number Applied for States Rental	Number of States Rental Applications Cancelled or refused	Number Housed in States Rental Properties	Numbers of Active or Pending Applications for States Rental Property	Number Leased Bedsit with Housing Trust or Shelter Trust	Number Leased 2 Bed House with Housing Trust	Number Leased 1 Bed Flat with Housing Trust	Number Leased 2 Bed Flat with Housing Trust	Number Leased 3 Bed Flat with Housing Trust
1097	81	29	14	38	2	2	4	1	1

Explanatory Note

These Regulations reduce from 11 to 10 years the continuous period for which a person who was not born in Jersey must have been ordinarily resident in Jersey in order to acquire property.



Jersey

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(AMENDMENT No. 27) (JERSEY)
REGULATIONS 201-**

Made [date to be inserted]

Coming into force [date to be inserted]

THE STATES, in pursuance of Articles 14 and 21 of the Housing (Jersey) Law 1949¹, have made the following Regulations –

1 Regulation 1 of the Housing (General Provisions) (Jersey) Regulations 1970 amended

In Regulation 1(1)(f) of the Housing (General Provisions) (Jersey) Regulations 1970², for the words “11 years” there shall be substituted the words “10 years”.

2 Citation and commencement

These Regulations may be cited as the Housing (General Provisions) (Amendment No. 27) (Jersey) Regulations 201- and shall come into force 7 days after they are made.

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- ¹ *chapter 18.315*
² *chapter 18.315.50*