

STATES OF JERSEY



VOTE OF CENSURE: COUNCIL OF MINISTERS (P.72/2021) – COMMENTS

Presented to the States on 10th September 2021
by the Council of Ministers

STATES GREFFE

COMMENTS

Introduction

The Council of Ministers understand and share the concerns of States Members and Islanders about housing costs. It is a growing problem for many families, and one of the primary challenges affecting the lives of Islanders. We have experienced many years of high net migration and have not delivered enough new homes. These challenges cannot be solved overnight, nor are they unique to Jersey. However, this Government has accepted this challenge, and is taking steps to resolve the problem.

In respect of P165/2020, we have already implemented part (a) by banning overseas “buy-to-let” investors on SoJDC developments; and in response to part (b), we have worked to support the decisions of the Assembly as quickly as possible - and expect to conclude this month. In doing this, we have sought to keep States Members updated, including the need to wait for the results of the public consultation on the site before finalising a framework for affordable housing.

Accordingly, the Council of Ministers apologises for the delay in delivering the framework, but considering this carefully, believes that a vote of censure is not a reasonable response in the circumstances.

Actions to support the delivery of more homes.

Ministers have been working together to improve the housing situation and taking practical, meaningful, and enduring steps to address the issue of housing affordability.

- The Minister for Treasury and Resources, as shareholder, is supporting our States-owned companies with ambitious plans for the delivery of new homes. Andium Homes will deliver 1,500 extra affordable homes by 2025 and 1,500 more by 2030; and the States of Jersey Development Company 1,500 homes by 2033.
- The new Minister for Housing and Communities delivered within his first few months in office an action plan for homes, including increased coordination across government and industry, our housing providers, and other partners, to support improvements in our housing supply, including increasing housebuilding: [Creating Better Homes action plan](#).
- The Minister for the Environment has produced the new Bridging Island Plan based on the empirical evidence of our need. We are planning for an 80% increase in housing starts by 2025, taking tough decisions to make land available in carefully chosen locations, including a limited number of green fields and sustainable increases in density and height in town.
- The Deputy of St Peter, as an Assistant Chief Minister, is leading work to enact changes that will strengthen our migration controls, further to decisions of the Assembly; and to deliver a new population policy for approval by this Assembly as part of a sustainable balance between economic, societal and environmental objectives.

In advancing this agenda, we need to be bold and rapid, but we should not underestimate the scale of the work needed to stabilise and improve the housing affordability, and to roll out the planned development of affordable homes. However, we have a clear plan,

and we are working to develop and deliver that plan, including frameworks for affordable units for purchase.

States of Jersey Development Company – framework for affordable housing

The States of Jersey Development Company was set up to undertake commercial and residential developments. It was established with an initial cash and asset injection of c£40 million and designed to operate without ongoing financial subsidies with its surpluses ring-fenced to support public realm improvements. This is different from the model for Andium Homes, which is backed by public debt and a no-cost transfer of income generating assets at incorporation.

Considering these issues, the Council of Ministers lodged an amendment to P165/2020 to avoid an arbitrary target for subsidised housing, and to ensure any Assembly decisions could take account of the need to maintain commercial viability, as well as the delivery of public realm improvements and infrastructure. This was a sensible and practical addition.

Our amendment also added a reporting deadline of end-April 2021. This has proved less practical, given subsequent delays in the submission of the planning application. However, when it became clear that proposed deadlines needed to be moved by a few months, following adjustments to the timetable for a planning application to allow for additional public consultation, and further to questions in the Assembly, the Council of Ministers published an Interim Report, on the 7th June 2021.¹

Timeline

- Autumn '20 - Stage 1 Public Consultation
- 10th February '21 - P.165/2020 adopted requiring guidance by end of April
- 4th May '21 - Answer lodged by T&R Minister explaining delay (and that guidance would be issued by end of May)
- May '21 - Stage 2 Public Consultation, including States Members' briefing
- 7th June '21 - R.100/2021 Council of Ministers' Report lodged – revised deadline for guidance of end of September
- June-July '21 - Stage 3 Public Consultation (now closed)

The censure proposition suggests that the Interim Report presented on the 7th June 2021 did not set a deadline that would allow Ministers to be held to account. However, the Interim Report was clear in stating that the framework would be delivered before the end of September 2021.

Furthermore, the public consultation on the site subsequently resulted in several major revisions which affect the number of housing units, receipts and therefore returns – which effects viability. A delay in the framework was therefore appropriate, while this consultation took place, and did not slow the delivery of any housing.

¹ [r.100-2021.pdf \(gov.je\)](#). This included the following on timescales: “SoJDC are planning a final public consultation on their developing plans in mid-July 2021 with the Application being targeted to be submitted by the end of September 2021 ...the Council of Ministers remains committed to the publication of the guidance in the form of a report to the States Assembly in advance of SoJDC’s submission of the Application”. **The latest assessment is that this will now take place toward the end of October.**

Bearing all this in mind, the delivery of the framework in September remains our objective. This is what Ministers wish to focus on (and the vote of censure gets us no further forward in delivering this framework or any new homes).

A framework was delivered for South Hill by the deadline agreed by the Assembly, including ring-fencing an additional £13 million for affordable housing, and then in September we will deliver an overall framework for the delivery of units by the States of Jersey Development Company. This will be a principles-based document to provide guidance to the States of Jersey Development Company, and will cover:

- The role of the States of Jersey Development Company in supporting more affordable housing, subject to any needed scheme financing being included and agreed in the relevant Government Plan.
- How we will maximise the number of these homes, including the viability process, and a range for the number of these homes.
- The nature of the units to be delivered, including how this fits alongside other providers, and the Objective Housing Needs Assessment.
- The basis on which units will be integrated into the development, and how allocations will work.
- How these decisions will be taken.

It will also need to set out some principles that ensure the States of Jersey Development Company has the relevant financing and balance sheet strength to viably deliver the development, inclusive of more affordable homes, and infrastructure and public realm improvements; and any independent assessments required as part of this process.

Notably, in the case of the Waterfront, this includes generating enough returns from sales to cover £148 million of infrastructure and public realm investment, including £27m for a new sports facility, £22m for new sea walls and a slipway, and £8m for a public car park.

Given this, the delivery of substantial numbers of affordable homes will result in a reduction in the overall returns to the public on the developments in the next 15 years. This would mean, consequently, that less funds would be available for regeneration elsewhere in St Helier in the immediate term.

This is not built into current government budgets. For example, a 15% allocation for shared equity housing on the Waterfront could mean £32 million less receipts in the next 15 years. This does need thorough consideration and financial modelling, and this is being done in support of the framework.

Conclusion

The Assembly asked for work to be done and we have progressed that work.

We implemented part (a) of P165/2020 to ban overseas “buy to let” investors on SoJDC developments; and in relation to part (b) we have instigated a complex piece of work which has taken a few months longer than expected - but for good reasons which have been explained. This has not delayed any housing delivery, and the work is now nearing completion.

The Council of Ministers wish to formally apologise for the delay in finalising this work, but as laid out, these circumstances are not sufficient cause for a vote of censure.

Instead, the Assembly are asked to let the Government proceed in delivering the promised framework in September 2021, and to reject the vote of censure as something which detracts from its delivery.

Statement under Standing Order 37A [Presentation of comment relating to a proposition]:

These comments were submitted to the States Greffe after the noon 10 September 2021 deadline, as set out in Standing Order 37A, due to final due diligence and approval processes.