
STATES OF JERSEY



ACTION ON HOUSING – RECENT PROGRESS AND WATERFRONT GUIDANCE

**Presented to the States on 30th September 2021
by the Council of Ministers**

STATES GREFFE

REPORT

Background and context

The proposed Government Plan 2022-25, published on 21 September, recognises and responds to the challenges in the Jersey housing market. These challenges are reflected in the House Price Index, which has increased year on year since 2017.

Housing construction has not kept pace with population increases in Jersey, particularly in recent years. Coupled with persistently low interest rates that incentivise buy-to-let investments, and the same post-covid property surge seen in other jurisdictions, this means that housing costs are a growing problem for many Jersey families, are making life harder for young islanders, and risk threatening our economic progress in future years.

These market forces are expected to continue throughout 2022, which is why it is important that government has a clear strategic plan of action but is also open to appropriate shorter-term intervention.

This plan was set out most recently in *Creating Better Homes*, published by the Minister for Housing and Communities¹. The plan sets five strategic priorities (see diagram below) that, taken together, represent a whole-system intervention in Jersey's housing market, supported by strong political leadership and a new partnership focus across the housing sector.



In addition, the draft bridging Island Plan sets out a range of land allocations and a housing policy framework to support an 80% increase in housing starts by 2025.

These strategic plans, both of which are informed by the work of the Housing Policy Development Board, are supported by significant programmes of government backed housing development, both in the open market and at affordable rates, with Andium Homes and SOJDC together scheduled to deliver over 900 homes between now and 2023, having already brought forward 800 in the last two years.

¹ See: [r.98-2021](#) at www.statesassembly.gov.je

Focus of the report

This report, set out in two parts, represents further progress on housing:

- PART ONE provides an update on delivering the Creating Better Homes action plan and summarises additional actions that government is currently exploring in response to the most recent reported pressures in the housing market.
- PART TWO sets out housing policy guidance for the Waterfront development, which details how government intends to secure additional delivery of affordable homes on both a shared equity and in-perpetuity basis.

Improving the quality and affordability of housing remains a strategic priority of this government².

Despite the progress summarised in this report, it will continue to take time to see the full impact of the Creating Better Homes plan.

But we are starting to see the impact of new neighbourhoods emerging in the north of St Helier, and advanced plans for hundreds of new homes on the Waterfront.

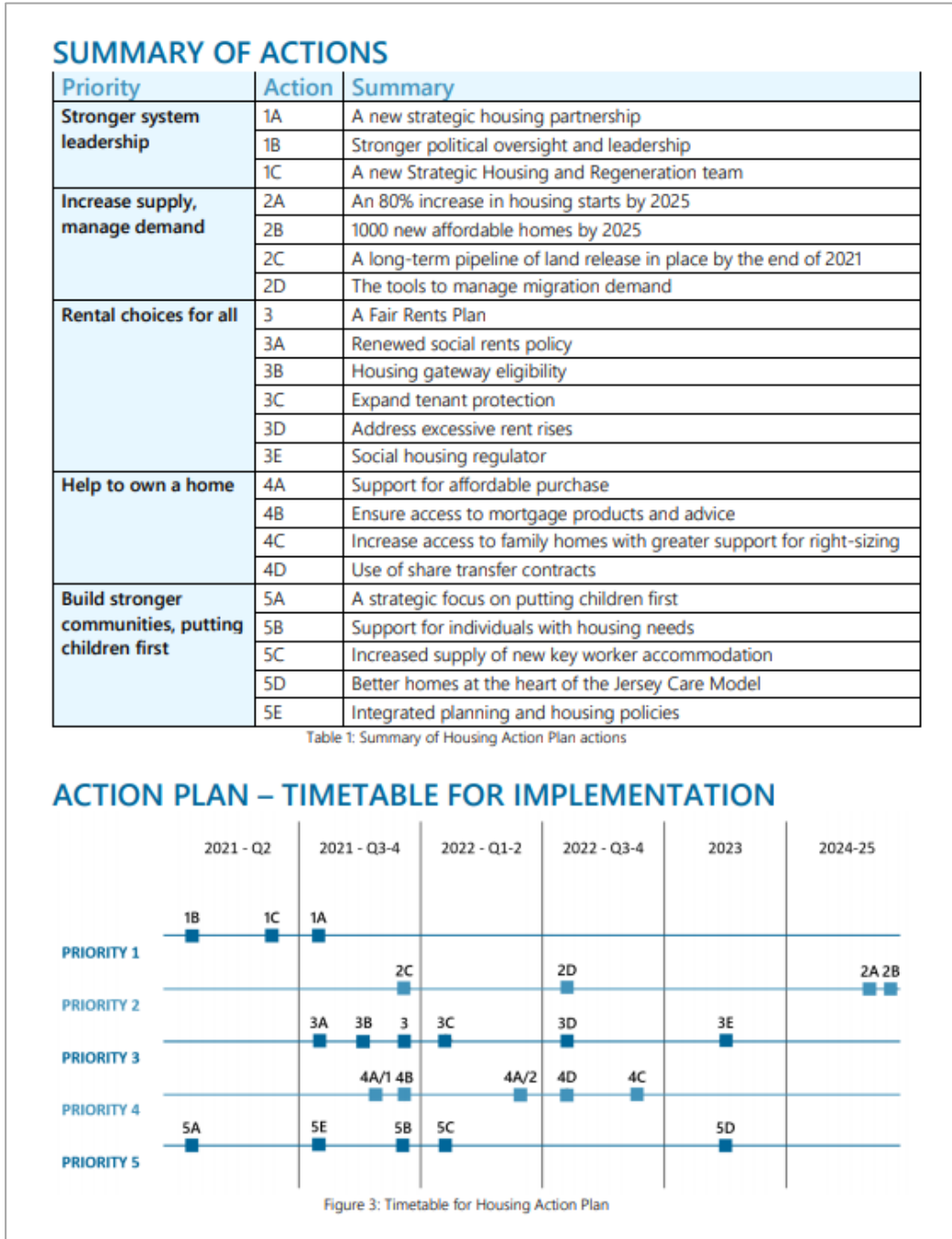
The draft Island Plan takes steps to support the development of affordable homes, including in Parish centres across the Island, and to ensure that the homes we build now create good places to live, using energy efficient and sustainable construction methods. Islanders should have confidence that addressing the housing challenges faced in Jersey is a central priority of Government.

² See CSP Priority 4 - [r.11-2019](#) at www.statesassembly.gov.je

PART 1 – CREATING BETTER HOMES

Recent progress

The Creating Better Homes action plan sets out a roadmap to make progress across a range of housing sector challenges. The roadmap commits to clear delivery timescales over the coming months and years, as set out in the extract below.



Progress has been made across all five strategic priorities in the four months since the plan was published, as summarised in the table below.

Priority	Action taken June – September 2021
Stronger System Leadership	<ul style="list-style-type: none"> • Cross-ministerial Housing Political Oversight Group in place • New Strategic Housing Partnership in place, bringing all housing sector players together • New Strategic Housing and Regeneration team in place, supporting coordination across government and throughout the housing sector
Increasing Supply, Managing Demand	<ul style="list-style-type: none"> • Agreed to ban the introduction of new share transfer units, ending creation of new opportunities for off-island investment in Jersey property • Buy to Let sales banned in the South Hill development, and subject to ministerial control on the Waterfront • More Affordable Homes to be created in the South Hill and Waterfront developments • Modern Methods of Construction political working group established to prove the case for new technologies in Jersey • Housing Ministerial input to the Regeneration Steering Group in place, securing direct influence on government estates strategy
Rental Choices for All	<ul style="list-style-type: none"> • Andium rents frozen for 2022 • Rental freezes agreed with other housing trusts
Help to Own a Home	<ul style="list-style-type: none"> • £13m from the sale of land at South Hill ringfenced to reinvest in supporting Islanders to buy a home
Building Stronger Communities, Putting Children First	<ul style="list-style-type: none"> • Office of the Children’s Commissioner engaged in the Strategic Housing Partnership • New Housing Advice Service launched in July • Contract in place to support development of a bespoke approach to tackling homelessness in Jersey

Immediate next steps

The Creating Better Homes plan sets a series of further deadlines by the end of 2021. These areas of priority focus include:

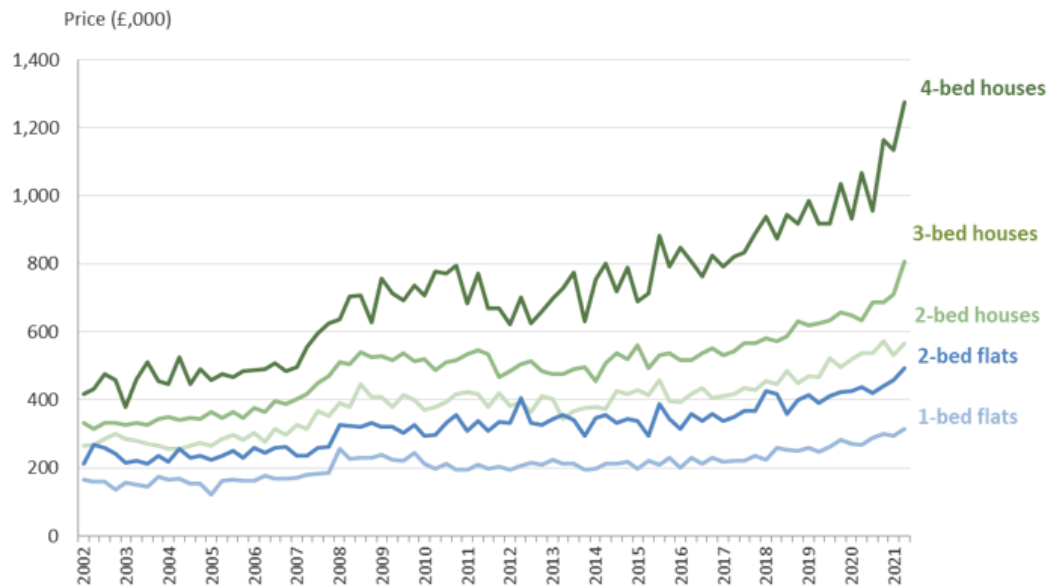
- Publishing a Fair Rents Plan, including new policies on social rents and the housing gateway
- Confirming an initial tranche of public estates land to be released for housing
- Policy analysis to inform the design of a new affordable purchase product in 2022, backed with £10m
- Housing Policy Input to the Island Plan examination
- Building the new Strategic Housing team to further strengthen the role of delivery partners in coordinating housing supply
- Publish interim findings from the Modern Methods of Construction political working group

Remaining open to appropriate intervention

The Creating Better Homes plan rightly recognises that making sustained changes in the Jersey housing market requires work over several years to tackle the structural imbalance between supply and demand.

Since the publication of the plan in May, further evidence has come to light of even sharper increases in house prices. Notably, 1-, 2-, 3- and 4-bedroom homes were all at their highest mean price to date, in Q2 2021, with average prices shown in the chart below³.

³ See: [House Price Index – second quarter 2021](#) (Statistics Jersey)



This is more than just a supply issue, and may require alternative, less traditional interventions to address this challenge. Ministers are considering what appropriate short-term intervention might be made in the coming months to appropriately seek to reduce competition in the Island's housing ownership market, in addition to the coordinated and sustained action set out in the framework in *Creating Better Homes*.

The Housing Policy Development Board considered a range of tax measures in this area, including increasing stamp duty, increasing rental income tax, and land value uplift capture. But the Board did not recommend any action in these areas. Instead, recommendations of the Board were focused on supply, planning, and rental aspects of the housing market.

The second priority of the *Creating Better Homes* action plan does recognise the importance of managing demand for housing. In particular, it focuses on the role that new migration controls can play in the future and takes steps to ban new share transfer sales to restrict off-island access to the Jersey property market.

At this stage, Ministers are closely considering all possible measures and potential policy intervention options. Any such policy options will be data led to ensure there is no unintended consequence to the Jersey Housing Market, and will include opportunities to strengthen funding options, utilize existing housing controls and appropriate regulatory controls, where required.

Ministers recognise that there are complex relationships within the Island's housing market and will consider these options carefully, but quickly, before taking any suitable, available action.

Housing Policy Guidance: Waterfront development

BACKGROUND AND SUMMARY

Background

1. The waterfront is a complex, in the region of £1bn development programme. It is intended to deliver significant public benefits, including high quality new public realm, infrastructure investments and sports and leisure provision.
2. Establishing a guidance framework to maximise affordable homes in the development is challenged by a range of factors, including the operating parameters established for SOJDC in P.73/2010 and the way that market conditions will vary over the delivery period through to anticipated completion in 2033.
3. The planning objectives for the Waterfront development are established by the South West St Helier Planning Framework, which was adopted, following extensive community engagement and a formal public consultation exercise, in December 2019. The development footprint is formed by three Key Opportunity Sites (KOS) identified in the Framework and relevant guidance is enclosed at appendix A1 for these sites, which are:
 - KOS 1 – Esplanade Quarter (East)
 - KOS 2 – Esplanade Quarter (West)
 - KOS 3 – Aquasplash / Cineworld
4. The Regeneration Steering Group (RSG) have discussed the Waterfront development throughout its conceptual development, fulfilling their role to provide a guiding framework for the activities of the States of Jersey Development Company, as established in P.73/2010.
5. In line with commitments in the Common Strategic Policy, the guiding strategy of RSG has been to maximise the opportunity presented by the development for investment in high quality public realm and infrastructure. In this way, RSG have encouraged SOJDC to create a new and desirable destination for St Helier residents and islanders alike and to respond to several long-term strategic challenges facing the regeneration of town, with a particular focus on sustainable transport, movement, and connectivity.
6. This guidance is therefore required to manage competing tensions within the overall development. In particular, and as required by P.165/2020 (as amended), it seeks to provide a framework that can maintain the overall viability of the development – including all public realm improvements and other community and leisure uses – while also maximising the proportion of affordable units. It also seeks to provide a mechanism to respond to the phased nature of the development and the potential for changes in the wider housing and construction markets over time.

7. The salient point in the proposition, P.165/2020 is set out in

“(b) to request the Council of Ministers to present a report to the States Assembly by 30th April 2021 which provides guidance to be used by SoJDC with the aim of maximising the proportion of affordable units allocated through the Housing Gateway, together with a range of other residential accommodation of varying prices, types and tenure, to help meet the housing aspirations of other Islanders within the Waterfront development, while maintaining the overall viability of the scheme including all public realm improvements and other community and leisure uses; and”.

Summary

8. Ministers have produced this additional housing policy guidance, as requested by the States Assembly in their vote of 10 February 2021 (P.165/2020), to ensure that their existing strategic plans to address housing affordability in Jersey might be supplemented by additional measures in the Waterfront development.
9. The guidance establishes both **Strategic Principles**, which frame the way decisions should be made in relation to issues addressed by the guidance, and **Specific Principles** that relate to the Waterfront development.
10. The specific principles provide that, in advancing their plans for the development Waterfront development, SoJDC will:
 - Take such steps as are necessary to provide that the development and the units thereon are structured by way of Flying Freehold, thereby ensuring no foreign buy to let sales.
 - Follow the prescribed approach to controlling domestic buy to let sales, which will see priority given to owner occupiers and buy to let units only made available subsequently on the decision of the Housing and Communities Minister.
 - Ensure that a minimum 15% of the units eventually constructed are provided for a first-time buyer schemes where homes will be sold at a discount to market value and for which access and eligibility criteria will be established by the Minister for Housing and Communities.
11. The Minister for Treasury and Resources, as the Government’s shareholder representative, will write to the Board of SoJDC to give effect to this Housing Policy Guidance, which applies only to the States of Jersey Development Company and only in respect of the Waterfront development.

HOUSING AFFORDABILITY AND PUBLIC BENEFIT

The role of government backed development

12. Affordable homes bring real public benefits to Jersey. They ensure we are an inclusive society, that all children can get a good start in life and that our family and friends can live and age well.
13. Government recognises that it has a role in giving direct backing to development that improves housing affordability and has a range of policies that actively support the creation of more ‘category A’ affordable homes for rent and purchase. These policies include:
 - Public borrowing of £250m to provide stable, low-cost financing to Andium Homes and other housing trusts. This money has funded massive improvement in the standard of affordable homes and is supporting the development of new affordable homes.
 - Affordable homes for rent are subsidised, on average, by at around 20% of market rates; and affordable homes for purchase – such as through the Andium Home Buy scheme – must meet specific affordability criteria.
 - Scarce land is made available through the planning process to ensure more affordable homes can be built – whether on rezoned sites or in developments on public land.
14. The Minister for Housing and Communities, in his Creating Better Homes plan, continues to back Andium Homes’ plan to build 3000 new affordable homes by 2030 and commits to actions that will help achieve this, such as putting in place a long-term pipeline of land release by the end of 2021.
15. Given the significant public benefits that derive from the provision of affordable homes, it is right that significant public investment is in place to secure these benefits. It is equally right that the vast majority of islanders that are able to afford to rent or buy without public support, should do so.
16. In this context, the States of Jersey Development Company (SoJDC) have an important role to play as the government backed open market developer, to supplement private sector development, increase supply, and contribute to improving housing affordability for all Islanders.

Wider public benefits

17. SoJDC schemes also deliver a range of wider public benefits. In line with commitments in the Common Strategic Policy, the guiding strategy of RSG for

the Waterfront development has been to maximise the opportunity presented by the development for investment in high quality public realm and infrastructure.

18. In this way, RSG have encouraged SOJDC to create a new and desirable destination for St Helier residents and islanders alike and to respond to several long-term strategic challenges facing the regeneration of town, with a particular focus on sustainable transport, movement, and connectivity. The scheme responds by proposing the inclusion of:
- public realm improvements, including landscaping and new shared open space
 - a new sports facility
 - improvements to sea defences and access
 - improvements to Route de la Liberation and the Esplanade, and
 - a modern public parking facility.
19. This guidance is therefore required to manage competing tensions within the overall development. In particular, and as required by P.165/2020 (as amended), it seeks to provide a framework that can maintain the overall viability of the development – including all public realm improvements and other community and leisure uses – while also maximising the proportion of affordable units. It also seeks to provide a mechanism to respond to the phased nature of the development and the potential for changes in the wider housing and construction markets over time.

WATERFRONT DEVELOPMENT GUIDANCE

Strategic Principles

20. The strategic principles are:
- A. The Regeneration Steering Group (RSG) continues to provide a guiding framework for the activities of the States of Jersey Development Company (SoJDC), as established in P.73/2010.
 - B. This guiding framework includes advising SoJDC as to the political priorities for the reinvestment of any profit from development.
 - C. In providing this advice RSG will have regard to a range of considerations, including but not limited to:
 - i. The priorities established in Common Strategic Policy and other strategic plans;
 - ii. The business plan of the SoJDC and additional information provided by SoJDC in respect of the relevant development; and

- iii. A proportionate assessment, which may be conducted by a third party, of the viability of a scheme in respect of the political priorities for reinvestment established under strategic principle B.
- D. Where political priorities for reinvestment include the provision of a product offered on anything other than general open market terms, SOJDC will consult with the Minister for Housing and Communities, specifically on the nature of that such product.
- E. Where additional financial support is required from Government to ensure the viability of a scheme, the policy justification for this will be set out as part of any relevant Ministerial Decision, having regard to the considerations undertaken in line with strategic principle C.

Specific Principles

21. In advancing their plans for the Waterfront development, SoJDC will:

- F. Take such steps as are necessary to provide that the development and the units thereon are structured by way of Flying Freehold, thereby ensuring no foreign buy to let sales.
- G. Control any necessary use of buy to let sales in the following way:
 - Ensure units are brought forward for sale in tranches that are made available to different categories of buyer prioritised in discussion with the Housing and Communities Ministers
 - Ensure that buy to let sales are reserved to the final tranche of sales, and only made available on decision of the Housing and Communities Minister and after a reasonable period has passed to allow those prioritised groups to access sales. In releasing any tranche of buy to let sales, ensure that:
 - the maximum number of units that can be bought by any local investor is capped to 1 in the first instance, subject to demand, which can be reviewed in line with demand data as the Developments is progressed.
 - those units are sold with appropriate restrictions that require they be let for stable, medium-term tenures within a framework of stable rental increases, in perpetuity (recognising that exception provisions will be required to accommodate certain family or other circumstances).
 - Rents and annual rent increases will be determined within the terms of the lease

- H. Ensure that a minimum 15% of the units eventually constructed are provided for a first-time buyer shared equity scheme where homes will be sold at a discount to market value [specifications to be added], for which access and eligibility criteria will be established by the Minister for Housing and Communities.
- I. The requirement can be varied on a pro rata basis if, under the protocols established under principle I (below), an equivalent number of affordable homes can be developed elsewhere on the site.
- J. Any development surplus, as a result of Shared Equity purchase will be re-invested to fund future provision and regeneration, including the development of affordable housing, equating to a £24m subsidy.

Principle I: Protocols to establish the viability of affordable homes in perpetuity

- 22. SOJDC is established by the States Assembly a self-financing agency. Accordingly, and unlike Andium Homes, there is no on-going financial relationship between the Company and public finances, and no provisions are made in any Government Plan to provide direct additional funding. SOJDC operate in the private market and, in financing the Waterfront (and other) developments, are exposed to the considerations of private sector lenders.
- 23. Two forms of affordable homes are proposed in this guidance.
- 24. Existing viability assessment has shown that a minimum threshold of 15% shared equity units can be delivered in the development whilst meeting the requirement of P.165/2020 to maintain the overall viability of the development – including all public realm improvements and other community and leisure uses. Shared Equity units help islanders own a home at below market rate, with the opportunity to take full ownership over a longer period. In this regard, Shared Equity units represent a full market value asset for the purposes of development financing.
- 25. Where units are sold or rented at below market value in perpetuity, they can never be sold at market value, and a reduced value must be recorded on the balance sheet. The effect of this is to challenge the overall value of the development, and hence challenge the loan to value ratio that lenders require. This makes securing financing for the development more difficult.
- 26. Viability discussions with SOJDC have not, to date, shown that affordable homes in perpetuity can be accommodated with the Waterfront development within the requirements of P.165/2020 – that is, not while maintaining the overall viability of the development – including all public realm improvements and other community and leisure uses. To the extent that there is a trade-off between affordable homes and wider public benefits, P.165/2020 is clear that priority is to be given to securing those wider public benefits that have been required by RSG.

27. In considering this challenge, ministers wish to avoid setting a hard outcome at this stage and propose instead a flexible mechanism that can seek to maximise within the development, the inclusion of affordable homes for sale or rent in perpetuity. That mechanism will operate in the following way:

- Both ministers and SOJDC commit to the intention to develop affordable homes in perpetuity, for which access and eligibility criteria will be established by the Minister for Housing and Communities.
- A sub-committee of the RSG will be established to give on-going consideration to ways in which this intention can be delivered. The Chair of the sub-committee will be the Minister for Treasury and Resources and the Vice-Chair will be the Minister for Housing and Communities.
- The RSG will establish a Terms of Reference for the sub-committee before a final planning application for the Waterfront development is submitted that sets relevant requirements, including the following:
 - That SOJDC will seek guidance from the sub-committee periodically, and before the instigation of each delivery phase in the Waterfront development
 - That guidance, in line with the strategic and specific principles set out in the document, will consider the most up to date available information on development viability, and will advise SOJDC where affordable homes in perpetuity should be incorporated into the forthcoming development
 - That guidance will be bound by the terms of P.165/2020, such that it will not – as a result of requiring additional delivery of affordable homes in perpetuity – prejudice the delivery of the development including the delivery of all public realm improvements and other community and leisure uses
 - In considering development viability, the sub-committee will have regard to all material factors including pre-application and post-application design considerations; construction industry position and volatility; housing market position and need; and opportunities to vary planned landscaping, infrastructure, development financing and other aspects of the scheme appropriately in order to provide additional headroom to invest in affordable homes while ensuring a high quality finished development.

Pre-sale financing

28. P.73/2010 requires that: *“before committing to construction costs SoJDC will have to secure a sufficient level of legally binding pre-sales or pre-lets to fund the costs of constructing the first phase of a scheme.”*

29. Buy to let presales have previously played a key role in meeting this requirement, which is intended to reduce risk. Without recourse to buy to let sales, SOJDC may not be able to secure sufficient presales to satisfy this requirement. The reduced up-front value of the proposed shared-equity units will also require that more units will need to be sold to meet the threshold.
30. It is therefore recognised that some adjustment may be required, either to this guidance or to the provisions of P.73/2010, should the two directions come into conflict.

APPENDIX A1

Waterfront development planning guidance - extract from the South West St Helier Planning Framework⁴

KOS 1 Esplanade Quarter (East)



A1.0 This site lies within the former Esplanade Quarter Masterplan area and is bounded by the Esplanade and La Route de la Liberation to the northeast and southwest respectively and by the emerging IFC Jersey to the southeast. The northern side of the Esplanade is in predominantly office use with significant investment in upgrading office stock in recent years.

A1.2 Immediately north of the site is the busy junction of Gloucester Street and La Route de la Liberation and a two-phase crossing point for pedestrians and cyclists travelling to and from the west and Les Jardins de la Mer.

A1.3 The site currently accommodates temporary surface car parking for commuters and is considered to be a key site in terms of providing an opportunity to improve the connectivity between the town, the Waterfront and commuter routes from the west.

A1.4 The essential – and expected – element in any new development of this site will be the provision of inviting, safe and attractive open space together with pedestrian and cycle links that clearly offers a physical and new cultural link between town and the Waterfront. The maintenance of public car-parking at a level consistent with that specified in the 2008 Masterplan will also be required.

A1.5 To this end, at least 520 public car-parking spaces should be provided within the Esplanade Quarter Area (this could be achieved by splitting the provision in or across this site and KOS 2 and KOS 3). The actual number of public car-parking spaces required to be provided may be reviewed in light of current planning policy and associated guidance and as work progresses on the government's Sustainable Transport Strategy. Any new buildings or uses on the site should be served by sufficient car parking, in line with relevant standards. The quantum of car parking provision required will be assessed upon the receipt of detailed development proposals.

⁴ Available at:

<https://www.gov.je/PlanningBuilding/LawsRegs/IslandPlan/PlansFrameworks/pages/waterfrontdevelopmentframework.aspx>

A1.6 In addition to the open space and pedestrian / cycle links, the site could also accommodate additional office buildings to supplement those already at the IFC Jersey, residential and / or visitor accommodation and a cultural / leisure facility. Ground floor uses, particularly on office buildings, should contribute to the vibrancy of the area. Applicants for development within the site will be encouraged, from the outset, to incorporate cafés, small retail outlets and other outlets that generate trips throughout the day and stimulate activity.

A1.7 Notwithstanding the guidance offered by GP5, general building heights which exceed seven storeys will require exceptional justification. It is acknowledged that the opportunity exists on KOS1 to significantly increase height to create a single, elegant landmark building of mixed use. However, such a structure would need to be subject to rigorous scrutiny and impact assessments to ensure that the site is appropriate and capable of accommodating a substantially tall building. Full community consultation and input from the Jersey Architecture Commission will be essential in the assessment.

KOS 2 – Esplanade Quarter (West)



A1.8 This undeveloped site originally formed part of the 2008 Masterplan area. The site is now partly taken up by a temporary surface commuter car park, but also encompasses an area to the north of the Radisson Hotel which benefits from planning permission for two residential development, known as Westwater and Zephrus.

A1.9 In terms of connectivity, the site should be looked at in conjunction with KOS 1 and KOS 3 as a real opportunity exists to create an attractive and safe link between the sites, in effect, linking the Waterfront with town.

A1.10 It is essential to successful placemaking that new public open space within KOS 2 and lines of connection with other open spaces and facilities within the area are planned first – before any building plots are mapped out. This approach will ensure that the person, rather than the building or the motorcar, will feel dominant and comfortable in the space. There will be a requirement to maintain and enhance the provision of public open space; associated café and ancillary facilities; and, provision of pedestrian, cycling and public

transport infrastructure as part of any development proposal in this area.

A1.11 In terms of use, the site should provide for residential accommodation to help meet the island's housing needs, with the potential for some leisure / recreational facilities and visitor accommodation. Small-scale commercial units at ground floor level may be acceptable where they complement other uses on and close to the site. The pattern of new development could take its cue from the historic waterside development on the northern side of the Esplanade with relatively narrow gables facing the sea punctuated by narrow lanes or pathways linking the sea to open space within the site and to KOS 1 and KOS 3. Cues could also be taken from successful examples of international waterfront developments where these would contribute to a sense of place that is identifiable and relevant to the island and to St Helier. The site could also be used to accommodate some of the car-parking requirement referred to in KOS 1.

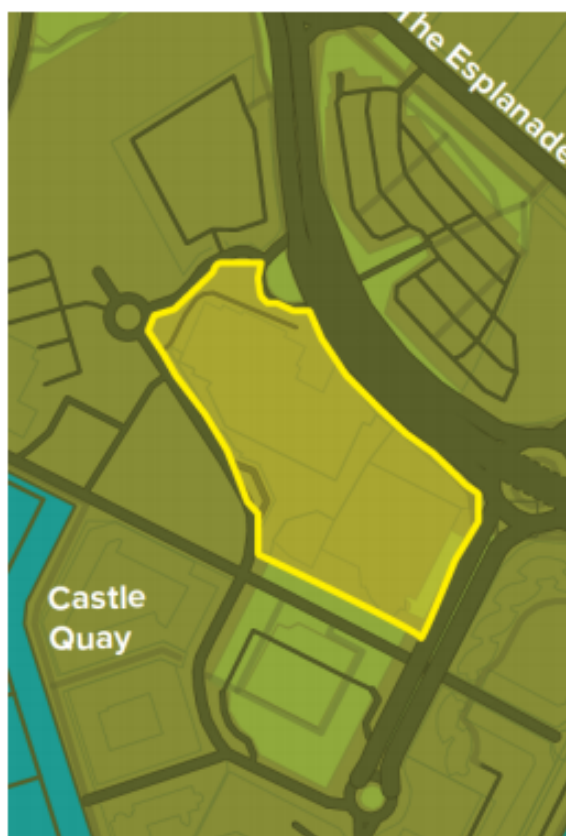
A1.12 Notwithstanding the guidance offered by GP5, building heights should be varied, but not exceed seven storeys without appropriate justification. Full consideration should be given to the maintenance and enhancement of views from and across the site towards Elizabeth Castle, Noirmont and Fort Regent, as well as into the site from the beach and the western approach into St Helier.

KOS 3 – Aquasplash / Cineworld

A1.13 This site runs alongside the southern edge of La Route de la Liberation and is currently occupied by two large floor-plate structures, accommodating a variety of leisure and recreational uses including food and drink outlets.

A1.14 The buildings themselves are not of any aesthetic value and present a brutal, visual barrier separating town from the Waterfront. In effect, the buildings have turned their backs onto town. KOS 3 should be looked at in conjunction with KOS 1 and KOS 2.

A1.15 The site has been identified as a KOS as, in the event of any proposals to redevelop the site, opportunities exist to:



- secure improved connectivity across La Route de la Liberation and also through the site to better connect the Waterfront and town;
- secure more relevant architecture and building forms that present attractive and inviting facades on all sides, visually re-connecting the site with town;
- secure a good quality recreational / leisure hub to serve the island's community. The provision of new or enhanced facilities here will be dependent on what provision is made at Fort Regent for such facilities. To this end, KOS3 and KOS9 (Fort Regent) must be considered in the light of any adopted sports / recreation facilities strategy. In the event that the majority of recreational uses are re-located elsewhere, KOS3 could accommodate a mixed use development of residential with some recreational use.

A1.16 The site could also be used to accommodate some of the car-parking requirement referred to in KOS 1.

A1.17 Appropriate building heights would be dependent on the architecture and layout of building plots, but a 'canyoning' effect with tall buildings either side of La Route de la Liberation should be avoided.