

2025.06.24

3.10 Deputy A.F. Curtis of St. Clement of the Chief Minister regarding data held by departments on housing construction costs (OQ.155/2025):

Will the Chief Minister advise which Ministers and Government departments hold information regarding the costs of housing construction in Jersey?

Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter (The Chief Minister):

The holding of this sort of data is undertaken by Andium and States of Jersey Development Company on our behalf and they have all of the market intelligence, information and expertise required to ensure competitiveness and value for money. It is worth saying that the Government can call upon, and will call upon, that information whenever we need to. We also have access to suitably-qualified professionals when we need such information to support policy and decision-making. I do, however, think that understanding the nature of construction costs in Jersey is vital and I welcome the J.C.R.A.'s recent review into the competitiveness of the construction sector, and I look forward to seeing their final report in due course.

3.10.1 Deputy A.F. Curtis:

The Chief Minister just suggested that the Government does call on its experts who have information on the housing market from time to time, such as S.o.J.D.C. (States of Jersey Development Company) and Andium. Could he then explain why that information is considered not held by the Government of Jersey when in Written Questions to both the Minister for Treasury and Resources and the Minister for Housing neither could provide the numbers that would have been provided to them by said experts or States-owned entities?

Deputy L.J. Farnham:

I cannot explain that without making some further enquiries. But just to reiterate, that information is held by those businesses and I will have to look into that.

3.10.2 Deputy P.F.C. Ozouf of St. Saviour:

Yesterday I was speaking to an agent who was investing in property, as in known to be investing in private rental property, and said that now the construction costs of housing is simply too expensive to make it worthwhile to invest in the private rental sector. Has the Chief Minister in his oversight pressed the J.C.R.A. to do something useful in terms of their construction report and including the impact of the flat-rate card on the construction industry? Because one hears that construction materials are going up, partly because of the, again, well-intentioned policy of a flat-rate card but it is a serious issue.

Deputy L.J. Farnham:

Yes, I believe the J.C.R.A. report into the sector will cover that. I cannot comment until I have seen the report. In relation to the flat-rate card, the flat-rate card will work well and that is put in place to attract competition into the marketplace. There may be a bit of a lag, I think, until we get that competition. I am confident that once that starts to happen we will see the benefits of that across not just the construction sector but many other aspects of shipping costs into the Island.

[11:15]

3.10.3 Deputy P.F.C. Ozouf:

I do not want to take up the Assembly's time but I hope that Scrutiny may well be able to do something on the cost of issues in order the Council of Ministers in their policy formulations. Will you agree that Scrutiny should look at the cost of living?

Deputy L.J. Farnham:

I agree that, yes, Scrutiny should scrutinise whatever they see fit to and they can be assured of the Government support with their efforts.

3.10.4 Deputy J. Renouf of St. Brelade:

Housing costs are a critical factor in driving affordability of housing and profitability of developers. The tension is between the need for prices to fall for consumers versus the need for developers to keep prices up. Does the Chief Minister think, on the basis of the data that he says the Government holds, that we are reaching the point where rising construction costs are meeting falling prices and whether the solution is to cut construction costs or increase house prices?

Deputy L.J. Farnham:

I am not sure I said the Government held information. To be clear, Ministers are not directly involved in the construction of housing projects; that is undertaken by Andium Homes and the States of Jersey Development Company on our behalf. They have the marketing intelligence and information expertise required to make sure we deliver value for money, just to be clear on that. I am not sure I fully understood Deputy Curtis's supplementary before but I can speak to him after to clarify the position. The adage goes, if we do what we have always done we get what we have always got, that is why we need to be embracing modern methods of construction. Technology in that area is moving forward quickly. I believe the answer is we have to reduce the cost of building family homes to make them more affordable. We have already started to do that in relation to assist to buy scheme, such as Andium has just announced, and the step-up scheme. I also very much hope with the piece of work we are doing in relation to the Island Regeneration Programme on affordable housing we lay out a number of other ideas and opportunities that will facilitate more local families into homes. We can do that by making sure that the cost of construction is stabilised and does not increase exponentially like we have seen in the past.

3.10.5 Deputy J. Renouf:

I just wonder if I could press the Chief Minister on the question of whether he thinks the point has been reached where falling house prices has reached the rising cost of construction and that there is a danger of schemes not being viable because of that.

Deputy L.J. Farnham:

I just missed a couple of words, could he just clarify? I got to the falling cost of housing.

Deputy J. Renouf:

Would he clarify whether he believes that we have reached the situation where falling house prices are colliding with the rising costs of construction and, therefore, affecting viability of schemes?

Deputy L.J. Farnham:

I think that those 2 margins are bumping close together but, hopefully, that should help to drive down the cost of construction. I think it creates more competition. Developers are going to have to look for more value from construction and that is why I think a move to more modern methods of construction would be useful. I think Deputy Gorst made some good relevant

points in relation to the housing market. But we have to be careful, we are in a cycle - that other Members allude to, I think Deputy Curtis alluded to earlier - that that bottomed out and then we see house prices rising again. Because while that might stimulate the market for some people, it will not help our young families buy homes.

3.10.6 Deputy A.F. Curtis:

Deputy Renouf has hit the nail on the head in that we need to know both the cost of construction and the value of the sale. Given that Treasury holds that specific and valuable data in the form of the development agreement it sees, will the Chief Minister ensure that Members and Ministers are briefed on the specific costs of construction facing the Island right now so we can have an informed discussion in here moving forward and not talking anecdote and vagueness?

Deputy L.J. Farnham:

I take some exception to the accusation of giving answers by way of anecdotes. Sorry, okay, I withdraw that. Yes, certainly any information we are prepared to share to assist with policy development but we need to be specific. The cost of construction is a big question, it depends on what we are constructing, where we are constructing it and how we are constructing it; it is a complex issue. But, as I say, we are happy to share because that is necessary for this Assembly and the Government to make the right decisions.

Deputy A.F. Curtis:

Could I just confirm that and clarify that the comment about anecdote and vagueness was the Assembly talks in that as we did have the data, it was not imputing that view on the Chief Minister in particular as any one Member.