
STATES OF JERSEY



HOUSING POLICY DEVELOPMENT BOARD - FINAL REPORT

**Presented to the States on 19th April 2021
by the Chief Minister**

STATES GREFFE

REPORT

Chief Minister's Introduction

I am pleased to publish the report and recommendations of the Housing Policy Development Board (HPDB).

I am glad that the Board has been able to bring together the views of Ministers, States Members and stakeholders to produce its detailed recommendations.

As set out in the Covering Note, the Coronavirus pandemic delayed the Board in the completion of its work. I am, however, particularly grateful that the Board showed good judgement and diligence in re-convening last autumn to re-examine its conclusions in the light of the economic impact of the pandemic.

Whilst the recommendations are not policy, and do not commit the Council of Ministers to a particular course of action, the work of the Board provide a good foundation to inform our considerations of this important topic. The issue of adequate housing touches all Islanders, and crosses several ministerial portfolios. Accordingly, a Political Oversight Group is in the process of being formed with key Ministers to ensure the recommendations are carefully considered.

It is also important to note that the Government is already taking forward several of the Board's recommendations, principally through the Government Plan and Island Plan frameworks. The formation of the Central Strategic Unit to coordinate housing and the release of government owned sites also ties into the recently published Estates Strategy. These important work streams will ensure that we deliver genuine improvements in the quality and supply of housing for Islanders.

Whilst I do not underestimate the challenges ahead, issues around housing affect all Islanders without exception and are therefore among the most important priorities for government. This report will help us move forward in improving the situation for Islanders, which is something we all want to see.

I would like to thank the Board members and the executive support officers for their hard work in the preparation of this report.

John Le Fondré
Chief Minister

Covering Note

16 October 2020

Chief Minister,

1. On 11 September 2020, the Housing Policy Development Board (“the Board”) was reconvened after the enforced hiatus caused by the coronavirus public health crisis. The Board had been nearing the completion of its work prior to lockdown in March, having reviewed a final draft of the Board report, prepared by Altair, the external consultant appointed to support the Board’s work. Given the unprecedented and ongoing economic impact of Coronavirus, the Board felt it necessary to have an opportunity to discuss the impact on Jersey’s housing market and to assess whether the crisis had materially changed any of the recommendations put forward in the Board’s draft Final Report since it was last considered in February 2020.
2. To that end officers, drawn from the Economics Unit, Statistics Jersey and Island Plan Team, were invited to present to the Board evidence from their respective competencies on the impact of coronavirus and to aid the deliberations of the Board.
3. A final meeting was held on 16 October 2020 to confirm the final position of the Board and to conclude its work.
4. The Board’s discussions at those two meetings are recorded in detail in the minutes of the meetings.
5. The Board agreed that, despite the disruption caused by coronavirus, the draft Final Report prepared by Altair (as at March 2020) nevertheless remained broadly relevant, even though Altair had concluded its work in March and was no longer involved with the Board to update the Draft Report. The Board noted that in some key areas it was important to update the draft Final Report with information that was not available when the report was prepared. Added content is clearly indicated within the document using blue text.
6. The Board therefore agreed that a slightly amended version of the March 2020 Report should be submitted to the Chief Minister together with this Covering Note.
7. This Covering Note sets out the broad conclusions and captures the Board’s assessment of the continuing relevance or otherwise of each of the recommendations in the draft Final Report (set out in detail in the table below).

Board Conclusions

- *The recommendations set out in the Board’s draft Final Report continue to remain relevant in the wake of the coronavirus public health crisis;*
- *Available data shows a significant drop in local housing market activity during the lockdown period, with signs of recovery post-lockdown;*

- *It is too early to know what the long-term impact of coronavirus on the local housing market will be. Activity in the housing market is influenced by a range of factors, including employment levels, income levels and migration, all of which come with a high degree of uncertainty at the present time.*
- *However, it remains the case that a shortfall of housing supply relative to high demand remains a significant challenge inherent to Jersey's housing market. The Board is therefore of the view that a government-sponsored strategy to deliver a significant number of new homes should be at the forefront of the island's housing policy over the next decade. This housing delivery programme should be coordinated with policies set out in the Bridging Island Plan (and subsequent Island Plan), as well as the release of surplus government-owned sites for housing where appropriate.*
- *The Board is particularly concerned by challenges around affordability within Jersey's housing market. As such, the Island Plan should articulate policies designed to boost the supply of affordable housing. Complementary to this is the need to introduce policies to improve affordability across the rental sector and increase the opportunities for people to access social rental and assisted purchase.*

Review of HPDB Draft Final Report Recommendations

Recommendation	Board Comment	Board Decision
<p><u>S1. Strategic alignment of GoJ delivery bodies:</u></p> <p><i>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-owned housing organisations such as Andium and JDC, which also encompasses its relationship with the housing trusts.</i></p>	<p>The Board agreed that this recommendation stood. The Board noted that funding for a new strategic co-ordination function within Infrastructure, Housing & Environment (IHE) has been included in the Government Plan (2021-2024).</p> <p>The Board recommends that this new function should work with Government departments, arm's length bodies and Housing Trusts, to ensure that there is a clearly understood strategic plan to allocate government resources (including land) and support to the appropriate delivery organisation to provide for an increased and consistent supply of housing, with an emphasis on the provision of affordable units. The new function should also work with the planning authority to ensure that new sites are brought forward for development within appropriate planning guidelines and at a pace that can be delivered by available construction resources.</p>	<u>RETAIN</u>
<p><u>S2. Government borrowing and cross-subsidy to fund additional new housing supply:</u></p>	<p>The Board believes that GoJ delivery agents and other social housing providers are able to access sufficient external</p>	<u>AMEND</u>

<p><i>The GoJ and/or its delivery agents should borrow funds, underpinned by a cross-subsidy model, to finance Policy Intervention S4, following appropriate modelling.</i></p>	<p>borrowing to support development costs for new affordable unit developments.</p> <p>However, the Board believes government support may be required to access sites (from surplus government-owned sites or from the open market) in order to enable affordable housing providers to acquire sites and deliver affordable housing on a viable basis.</p> <p>The Board also considers that the provision of additional affordable units could be cross subsidised by supporting housing providers to include open market developments in their overall development portfolios in line with the overall strategic co-ordination envisaged in S1 and the delivery strategy set out in S4.</p> <p>However, the Board has some reservations as to whether it is appropriate to recommend that Andium Homes, as an affordable housing provider, should apply a cross-subsidy model. It considers that the wording in Recommendation S2 in the draft Final Report should be amended to include the words ‘<i>if necessary</i>’. The slightly amended text will read as follows:</p> <p><i>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.</i></p> <p>The Board noted the strong connection between S2 and S4 (see S4).</p>	
<p><u>S3. The use of Compulsory Purchase powers for both site-assembly and to discourage ‘land banking’:</u></p> <p><i>The GoJ should use existing Compulsory Purchase powers to unlock sites for new development as part of Policy Intervention S4.</i></p>	<p>The Board agreed that this recommendation still stood. Government should always reserve this right to avoid zoned sites being traded at inflated values prior to government acquisition and emphasised that compulsory purchase should be seen as an option of ‘last resort’ if negotiations failed. Countries across Europe regularly use compulsory purchase powers. Compulsory purchase powers should be sought for sites identified for rezoning as part of the Island Plan process.</p>	<p><u>RETAIN</u></p>

<p><u>S4. Delivery of new homes across a range of tenures and need groups:</u></p> <p><i>A significant GoJ-backed development programme should be mobilised, following an appropriate feasibility study.</i></p> <p><i>4a. The GoJ should conduct a feasibility study and modelling on the required levels of additional housing delivered by GoJ.</i></p> <p><i>4b. 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.</i></p> <p><i>4c. 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.</i></p>	<p>The Board agreed that all elements of this recommendation stood. The Board noted that S4a was the element currently being worked on by the Island Plan team.</p> <p>The Board noted that over 7,000 additional units will be required by 2030 if inward net migration remains at +1,000 per annum. The Board considers that the private sector would supply approximately 2,000 of these units, in line with private sector delivery over the last ten years.</p> <p>The Board recommends that GoJ should seek to support GoJ delivery agents and housing trusts in the development of up to 5,000 units, including an estimated 1,740 open market units and 3,260 affordable units by 2030.</p> <p>The Board noted that this recommendation is closely connected with S2, which envisages the use, if necessary, of open market sales and rentals as part of the overall funding package for affordable developments.</p> <p>The Board also noted that this recommendation is closely connected with S1, which proposes a much clearer strategic co-ordination role to support the delivery agents and housing trusts in the development of new sites.</p> <p>The Board acknowledged the overarching role of the Bridging Island Plan and the next Island Plan in creating the planning framework within which these developments would be facilitated.</p> <p>The completion of this programme would increase affordable housing stock from the current level of 5,500 units to over 9,100 units by 2030. This would have a significant impact on the housing market.</p>	<p><u>RETAIN</u></p>
<p><u>S5. Encouraging ‘rightsizing’ to improve the availability of family sized accommodation:</u></p> <p><i>GoJ delivered personal support and advice service for</i></p>	<p>The Board noted that whilst this recommendation continued to be appropriate, the current lack of smaller affordable units suitable for rightsizing would restrict the efficacy of this policy in the short term. The Board determined that whilst the detail underpinning the</p>	<p><u>REMOVE</u></p>

<i>'rightsizers' should be introduced.</i>	recommendation should be retained within the body of the Altair report, recommendation S5 should be removed from the summary of the report.	
<p><u>P1. Rezoning of land for specific residential classes:</u></p> <p><i>Planning policy, including the 2021 Island Plan, should use expanded rezoning as a tool to help enable the delivery of priority housing tenures.</i></p>	<p>The Board agreed that each of the Planning Recommendations (P1-P3) still stood and made the following additional remarks:</p> <p>P2: The Board clarified the recommendation to confirm that it relates to the creation of additional residential units in areas where this is currently restricted. This relates mainly to rural areas and the Green Zone. Under this recommendation it would be possible to convert a large domestic dwelling in the Green zone to create a small number of smaller units.</p>	<u>RETAIN</u>
<p><u>P2. Encouraging conversion of large residential dwellings into multiple homes:</u></p> <p><i>Planning policy, including the 2021 Island Plan, should encourage the conversion of large residential homes into multiple homes.</i></p>	<p>P3: The Board noted that a Bridging Island Plan would be proposed to cover 2022-2024. The Board confirmed that it recommended that an affordable housing contribution should be part of the Bridging Island Plan.</p>	<u>RETAIN</u>
<p><u>P3. Affordable Housing Contribution:</u></p> <p><i>Planning policy, including the 2021 Island Plan, should introduce an Affordable Housing Contribution to mandate a minimum proportion of new supply as affordable.</i></p>		<u>RETAIN</u>
<p><u>R1. Utilising GoJ legislation to improve security of tenure and tenant rights:</u></p> <p><i>Security of tenure and tenants' rights should be enhanced by reviewing, amending or creating new legislation and enforcing changes made through a resourced programme.</i></p>	<p>The Board confirmed this recommendation and the need to focus on measures to protect the rights of tenants and ensure appropriate security of tenure provisions exist so that the private rented sector is a desirable long-term housing option for islanders.</p>	<u>RETAIN</u>
<p><u>R2. Rent stabilisation:</u></p> <p><i>Rent stabilisation legislation and a Rent Commission or Board to monitor and decide on annual rent increases should be introduced.</i></p>	<p>The Board confirmed this recommendation and noted that funding for a project to investigate rent stabilisation policies has been included in the proposed Government Plan (2021-2024).</p>	<u>RETAIN</u>

<p><i>R3. Reform social housing allocations policy (expanding the current Gateway)</i></p>	<p>The Board confirmed this recommendation and noted that policy work to review eligibility for social housing was included in the Gateway review that is currently underway.</p>	<p><u>RETAIN</u></p>
<p><i>R4. Investigate reform of social rent setting:</i></p> <p><i>Findings from a separate review into social rent reform (currently underway) should be awaited and responded to with consideration to the wider objectives of the policy package</i></p>	<p>The Board agreed that this recommendation should be amended.</p> <p>The Board noted that there were a range of options available to governments to support the cost of affordable housing where homes are available to rent or buy below market value. This has been achieved to date in Jersey through land transfers, loan guarantees and social housing rental income. The Board recommends that all of these policies should continue to be used.</p> <p>Other options include cross subsidy (see S2) and a development levy (recommended in P3). A range of tax measures to support additional spending were considered but not recommended.</p> <p>Including market sales and rentals in future developments is an option to assist delivery agents in providing additional affordable units. An affordable housing contribution from private developers is estimated to support the provision of an additional 400 units over the 10-year period.</p> <p>The Board acknowledged that social rental incomes currently play a significant role in the funding of social housing and alternative funding routes would be required to support the ambitious delivery programme and the ongoing maintenance of existing units if the income from social rental properties was set at a lower level.</p> <p>However, the Board was strongly minded to challenge the current maximum level of social rents, set at 90% of market value and concluded that Recommendation R4 should be amended as follows within the Board Report:</p> <p><i>R4. Strong support for reform of social rent setting: The existing '90%' social rents policy is considered too high and has potential adverse effects on tenants and the</i></p>	<p><u>AMEND</u></p>

	<p><i>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.</i></p>	
--	---	--

8. As the table above sets out, the Board was content that the recommendations in the draft Final Report remain relevant in the wake of Coronavirus. The most significant changes made by the Board was the addition of a qualifier to the recommendation on cross-subsidy (R2) and to strengthen the language of its recommendation concerning the affordability of social rent (R4). The redrafted Recommendations are set out as follows in the Final Report:
- ***S2. Government borrowing and cross-subsidy to fund additional new housing supply:*** *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.*
 - ***R4. Strong support for reform of social rent setting:*** *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.*
9. The Board is pleased to be able to submit this covering note alongside our Final Report for your consideration. The Final Report is a testament to the extensive work undertaken by Altair in supporting the Board.

Altair

Government of Jersey
Housing Policy Development Board

Final Report

March 2020



Contents

Chair's Foreword	5
1 Executive Summary	7
1 The Housing Policy Development Board	14
2 Key Challenges Facing Jersey's Housing Market	18
3 Development of the Recommended Policy Package	21
5 Overview of the Recommended Policy Package	23
7 Government-led interventions to increase the supply and availability of housing	28
8 Planning Measures to Facilitate New Supply and Affordability	46
9 Policies to Improve Affordability, Access and Quality in the Rented Sectors	56
10 Recommendations	69
Appendix 1 Altair's Work to Support the HPDB	71
Appendix 2 Board Roles and Responsibilities and Outputs	76
Appendix 3 Board Meetings and Topics	78
Appendix 4 An Analysis of Jersey's Current Housing Market	79
Appendix 5 The Policy Options Development Phase	127

List of Tables and Figures

Table 1: Policy Package Elements, Interventions and Policy Recommendations	12
Table 2: HPDB Members and Support	16
Table 3: How the Policy Package Meets the Objectives of the HPDB	24
Table 4: Policy Package Elements, Interventions and References	26
Table 5: Housing Needs by Tenure	37
Figure 1: Delivery Required to meet OAHN Requirements by tenure / need group	38
Table 6: Anticipated Benefits, Challenges and Risks of GoJ-led delivery tenures	41
Table 7: Indicative Supply Delivery from Re-zoning	49
Table 8: Stages, Key Activities, Stakeholders Engaged and Outputs of the HPDB	76
Table 9: Comparing affordability across jurisdictions using proportion of housing cost to income approach	86
Figure 2: Factors Impacting Housing Affordability	87
Table 10: Median Housing Costs for Various Tenures, in £ and as a % of median net household income	90
Table 11: Median Housing Costs for Various Household Types, in £ and as a % of median net household income	91
Table 12: Housing Affordability Calculations by Occupation (1 br)	92
Table 13: Housing Affordability Calculations by Occupation (2br)	93
Figure 3: Population change in Guernsey	97
Figure 4: Average Property Prices in Guernsey and Jersey	97
Figure 5: Demonstration of Household Size Change and Housing Supply	98
Figure 6: Demonstration of Residual Land Value	105
Figure 7: Factors impacting property prices and new housing supply	106
Table 13: Impacts and Considerations of Restricting Access to Housing	115
Figure 9: Gross Value Added by Sector (2017 Figures £million)	117
Figure 10: Changes in House Prices and GVA (1999-2018)	120
Figure 11: Annual Changes in House Prices, Inflation and Earnings	122
Figure 12: Housing Supply Additions and House Prices	123
Figure 13: Mortgage Interest Rates over Time (Bank of England)	124
Table 14: Policy Considerations using Demand and Supply/needs led approaches	125
Table 15: Longlist Policy Interventions, their objectives, and how they apply to the demand/market-led and supply/needs-led approaches	131
Figure 14: Levels of intervention and primary actor (market or state) for each policy package	132

List of Abbreviated Terms

Term	Abbreviation
Affordable Housing Commission	AHC
Community Land Trust	CLT
First Time Buyer	FTB
Government Leadership Policy Package'	GLPP
Government of Jersey	GoJ
Gross Value Added	GVA
Housing Policy Development Board	HPDB
Jersey Construction Council	JCC
Jersey Development Company	JDC
Jersey Housing Affordability Index	JHAI
Jersey Property Holdings	JPH
Joseph Rowntree Foundation	JRF
Land Transaction Tax	LTT
Modern Methods of Construction	MMC
Objective Assessment of Housing Need	OAHN
Organisation for Economic Co-operation and Development	OECD
Owner Occupied Imputed Rents	OOIR
Residential Tenancy Law 2011	RTL

Chair's Foreword

**“A home is a fundamental human need and a basic moral right,
as vital as education or healthcare.”** (*Shelter England*)

The extent to which people in Jersey can or cannot access decent housing is undoubtedly one of the clearest indicators of the social divisions that currently exist in the Island. Many people in Jersey are fortunate enough to be well housed and owner-occupiers have often seen the value of their property increase considerably since they first purchased their home. The housing market is buoyant and, as indicated in the body of our report, house prices have increased faster than inflation and average earnings in recent years. Estate agents report that, for many properties that are put on the market, offers are made almost immediately with little need to advertise. Some reading our report may even wonder why there was any need for a Policy Development Board to be set up to consider the issue of housing in Jersey.

The reality is, of course, that, despite the fact that Jersey is an affluent island, far too many people are inadequately housed and in our view this problem can no longer be ignored. Growing up in poor housing has a long-term impact on a child's life and, although several of our recommendations require additional funding, the cost of doing nothing is no doubt even greater because of the consequences of poor housing on people's lives.

Although it would be unrealistic to suggest that everyone can or should aspire to home ownership, the prospect of owning a home is an unachievable aspiration for many people in Jersey. Some young people are fortunate enough to receive help from their families to get on the housing ladder but many others, even those in regular and relatively well-paid employment, can often not afford the required repayments for a mortgage, particularly if they are living in rental accommodation where high rents allow little scope to save for a deposit. Some young people have already sadly decided that they cannot see any future in Jersey and have moved elsewhere where property prices are more affordable. The island can ill afford to lose locally qualified young people in this way and the Government of Jersey's recently stated desire to encourage more local young people to return to Jersey to work after studying outside the island will also not be fulfilled if these young people feel there is no hope of accessing decent housing on their return.

Unfortunately, it is not only those who aspire to home ownership who are not adequately served by the current housing market. In the past, government policy in relation to housing has concentrated disproportionately on the qualified sector and often ignored the needs of those who, because of their residential status, are required to live in unqualified ('registered') accommodation. The two-tier housing market creates a huge social division in the island and, because those in the unqualified sector often have little public 'voice', the problems they face in accessing decent accommodation at a reasonable price often go unnoticed. Jersey's economy is heavily dependent on migrant labour and those coming to the island to work and live should have the right to be properly housed. At present many live in crowded conditions and in properties that are not maintained in an adequate condition. Although our Policy Development Board recognises that migration controls of some kind will always be required to regulate the numbers of those who can come to live in Jersey it is our hope that, in the not too distant future, new forms of control can be introduced that would allow everyone who has the right to work in Jersey to access the rental market on an equal basis. Our recommendations, if implemented, will hopefully make renting a far more attractive option in Jersey and, in the interests of community cohesion, it is only right that everyone allowed to work in Jersey should be able to access the rental market on an equal basis.

The 'Discovery' phase of the Board's work concluded that "Jersey's housing market is not fit for purpose and will not improve without bold action and significant change from the *status quo*". As can be seen we envisage an enhanced role for the Government in shaping the housing market in

Jersey together with the Housing Trusts and Government's wholly owned delivery agents, Andium Homes and the Jersey Development Company. We have been very encouraged by the discussions we have held with Andium and the JDC throughout our work and are confident that, within the new strategic framework that we recommend, they will be able to deliver a significant new supply of housing. We recognise that some of our recommendations such as rezoning land for new housing may be controversial but hope that those islanders who are fortunate enough to be adequately housed will not adopt a 'not in my backyard' attitude and recognise the need for compromise so that others can aspire to the same standard of housing that they enjoy.

In closing I would like to thank all the members of the Policy Board for their input throughout the process. The members have inevitably considered the issues from different political starting points, but I am pleased to say that we have, almost without exception, found a wide measure of consensus at all our meetings which I have found extremely encouraging. In addition to the Ministers and Assistant Ministers on the Board I would like to thank Connétable John Le Bailly and Deputy Carina Alves who have both brought valuable insight to our work from different perspectives. I would also like to pay particular tribute to the contribution made by lay member John Scally whose wide experience in the property and charitable sectors has been invaluable. Our consultants Altair have been of great assistance in guiding us through the policy development work and the information they have provided about policies adopted in other jurisdictions has been particularly useful. We have been extremely well served by a number of officers from the Government of Jersey and I am grateful to them all.

Michael N. de la Haye OBE
Independent Chair

1 | Executive Summary

1.1. About the Housing Policy Development Board

- 1.1.1. The Housing Policy Development Board (HPDB) was established in March 2019 to examine the housing market in Jersey and to develop comprehensive proposals that improve the supply, affordability, access to, and standard of housing on the Island.
- 1.1.2. Altair was appointed by the Department for Strategic Policy, Performance and Population in April 2019 to support the activities of the Board. Altair employed a three-staged approach to the research and policy development: beginning with an in-depth review of the current housing market; taking a structured approach to the consideration and development of policy ideas; and concluded with the presentation of recommended policy interventions as part of a coherent policy package to be administered by the Government of Jersey (GoJ).
- 1.1.3. This report contains a summary of the key findings of this work and contains the Board's final recommendations to the Chief Minister.

1.2. Jersey's Current Housing Market

- 1.2.1. The conclusion of the research has confirmed that Jersey's housing market is not fit for purpose and will not improve without bold action and significant change from the status quo. The HPDB recognises the scale of this challenge, as well as the challenge facing the government to agree and implement comprehensive and impactful solutions.
- 1.2.2. The report sets out 5 key challenges and a range of possible solutions.
- 1.2.3. Key Challenge 1: Affordability in Jersey
- 1.2.4. The GoJ acknowledges that housing is expensive in Jersey and that housing affordability is one of the main challenges facing the Island's housing market. It also acknowledges that home ownership is increasingly out of reach for residents with average incomes.
- 1.2.5. Research into housing affordability, and its relationship with quality and supply, suggests:
 - Overall, housing in Jersey is unaffordable across tenures and among a range of income groups. Affordability therefore acts as a barrier to adequate housing for people in Jersey.
 - Because housing affordability is invariably linked to household earnings, recent house price growth at levels above the growth in earnings has meant that affordability pressures have become more acute in recent years.
 - Housing affordability in Jersey has an impact on households' ability to access homeownership, and on both the recruitment and retention of key workers.
 - Housing isn't considered affordable if it's not of a liveable condition, and at present, there have been many reports of sub-standard accommodation in Jersey, although work is underway to improve the standard of rented housing

on the Island.

1.2.6. Key Challenge 2: Current Barriers to Development

1.2.7. Open market developers and developers of affordable housing in Jersey face some significant challenges in Jersey's construction sector, namely land supply and costs. Some other challenges developers may face include the future of the construction market and workforce, particularly if construction in Jersey increases significantly and simultaneously (e.g. significantly higher housing supply outputs), planning-related delays and access to finance and funding.

1.2.8. Despite these challenges, to date developers of affordable housing have been successful in delivering viable schemes. However, as land values rise this is becoming increasingly difficult without support from Government, be that financial or in terms of land supply.

1.2.9. An analysis of Jersey's current barriers to development finds:

- The most significant barrier currently facing housing delivery in Jersey is land supply, and its impact on land cost. Land costs, coupled with build costs similar to other jurisdictions with similarly high house prices (such as London and the South East of England), are key drivers of the high cost of housing in Jersey.
- Due to delays in the release of government-provided land, affordable housing providers are currently competing with open market developers for land. This is a particular challenge for affordable developers (operating without development subsidy), since their below-market rental returns do not support the same cost of land as developers offering housing products at market rates and/or for sale.

1.2.10. Key Challenge 3: Housing Jersey's Ageing Population

1.2.11. Older people over 65 make up c. 17% of Jersey's population but account for about a third of all homeowners on the island and live in a quarter of the homes in Jersey. Estimates show that there will be c. 11,000 more pensioners living in Jersey by 2035.

1.2.12. There are currently two key issues relating to Jersey's ageing population and its interaction with a sustainable housing market:

- There is significant under occupation of housing (living in accommodation with two or more 'spare' bedrooms) among older people.
- The supply and options of housing for older people, are limited in Jersey, with a particular lack of extra-care style accommodation, which anecdotally, acts as a barrier to rightsizing into smaller properties.

1.2.13. Key Challenge 4: Jersey's two-tier housing market

1.2.14. Jersey currently has a housing market which restricts access to rental and owner-occupied housing through residential and work status, in effect creating a 'two-tier market' with a primary market, accessed by those with residential qualifications or "licensed" work status, and a secondary market which those without residential qualifications rely upon.

1.2.15. Research into Jersey's and other housing markets which restricts recent migrants' access to housing reveals:

- The two-tier market has a negative impact on access to quality, suitable accommodation for some portions of Jersey's population.
- In international terms, Jersey and Guernsey are unusual in including restrictions on the occupation of rental dwellings in their local legislation.

1.2.16. Key Challenge 5: Housing's complex role within Jersey's wider economy

1.2.17. Housing-related market activity makes up a large portion of wider economic activity in Jersey, with housing income representing 15% of Gross Value Added¹. However, the relationship between housing and the economy doesn't stop at the monetary value of housing in the macroeconomy. For instance:

- The housing market may be stimulated by growth in the economy, as well as other factors, such as the expectation that the economy will do better in the future.
- Recent years show that there is a variable relationship between house prices and supply, with house prices generally rising across periods with relatively high and low total supply additions per annum.
- In addition to providing activity that requires jobs and spending, adequate and sustainable housing provides a platform for wider participation in the economy.

1.3. Policy Options Development

1.3.1. Following the discovery phase, the Board entered into the iterative 'Options' phase where Altair supported the Board to consider a range of policy interventions to seek to address the challenges identified in Stage 1. This phase was spread over two Board meetings and one all-day policy development workshop between September 2019 and the end of October 2019.

1.3.2. The Policy Interventions Longlist

1.3.3. A longlist of 29 relevant policy interventions was presented alongside a scoring exercise for the HPDB to decide which policies should be developed in more detail for consideration at the October 2019 meeting. As a result of this exercise, the HPDB excluded or amended a number of policy interventions.

1.3.4. Policy Packages

1.3.5. The policy interventions from the longlist that the Board felt should be considered further, were collected into four distinct 'policy packages', each with a central purpose or goal.

1.3.6. The HPDB agreed to combine a selection of policy measures from each policy package to create a new single policy package characterised by a significant GoJ-led building programme, with measures to encourage market delivery, as well as policy interventions to improve tenants' rights.

¹ Economic indicator used in Jersey as expressed by the value of goods and services produced in an area, industry or sector of an economy. This is explained in greater detail in Appendix 3.

1.3.7. The HPDB Workshop

1.3.8. The HPBD were presented with the draft preferred 'Government Leadership' Policy Package (GLPP) at an all-day workshop on 29th October 2019.

1.3.9. The workshop provided the Board with the chance to explore the policy interventions being proposed in more detail and with consideration to the package as a whole, and to assess each intervention individually based on its suitability, feasibility, and acceptability (SFA).

1.3.10. Based on the SFA analysis and discussion, some policies were altered slightly, while others were excluded or significantly changed.

1.4. **The Government Leadership Policy Package**

1.4.1. The 'Government Leadership' Policy Package (GLPP) agreed at the December 2019 HPDB meeting, brings together twelve policy interventions which see the GoJ take an active role in shaping the housing sector on the Island to help address the four objectives of the HPDB as related to supply, affordability, quality and access to housing, with an overarching vision.

1.4.2. The Vision

1.4.3. In the future, Jersey has a housing market that provides choice, through:

- Increased supply across a range of housing types and tenures;
- Widened access to both affordable ownership and affordable rental;
- A high-quality market rental offer, that is secure and stable, and which residents can access on an equal basis; and
- Options for those looking to downsize.

1.4.4. Housing of all tenures is delivered by the market, GoJ's delivery agents (Andium Homes and the Jersey Development Company), and the Housing Trusts. With enhanced powers and a wide focus, the GoJ is the driving force behind the majority of new housing supply on the Island.

1.4.5. The key features of the GLPP are:

1. Government-led interventions to increase the supply and availability of housing;
2. Planning measures to facilitate new supply and affordability; and
3. Policies to improve affordability, access and quality for all tenants (whether in 'qualified' or 'registered' housing)

1.4.6. Recommended Policy Interventions

1.4.7. The key policy interventions which make up the policy package are summarised in the table below. The table also includes key policy recommendations for each intervention.

1.4.8. While groupings are used for clarity, each of the policy interventions has been developed with consideration to the wider policy package, and how all policy interventions in the overall package interact with each other.

Table 1: Policy Package Elements, Interventions and Policy Recommendations

Policy Package Element	Ref	Policy Intervention	Recommendations
(Supply) Government-led interventions to increase the supply and availability of housing	S1	Strategic alignment of GoJ delivery bodies	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 and JDC, which also encompasses its relationship with the housing trusts.
	S2	Government borrowing and cross-subsidy to fund additional new housing supply	2. The GoJ and/or its delivery agents should borrow funds, if necessary , underpinned by a cross-subsidy model, to finance Policy Intervention S4, following appropriate modelling.
	S3	The use of Compulsory Purchase powers for both site-assembly and to discourage 'land banking'	3. The GoJ should use existing Compulsory Purchase powers to unlock sites for new development as part of Policy Intervention S4.
	S4	Delivery of new homes across a range of tenures and need groups	<p>4. A significant GoJ-backed development programme should be mobilised, following an appropriate feasibility study.</p> <p>4a. The GoJ should conduct a feasibility study and modelling on the required levels of additional housing delivered by GoJ.</p> <p>4b. 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.</p> <p>4c. 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 Government Plan for 2021.</p>

Policy Package Element	Ref	Policy Intervention	Recommendations
	S5	Encouraging 'rightsizing' to improve the availability of family-sized accommodation	5. A GoJ delivered personal support and advice service for 'rightsizers' should be introduced².
(Planning) Planning measures to facilitate new supply and affordability	P1	Rezoning of land for specific residential classes	6. Planning policy, including the 2021 Island Plan, should use expanded rezoning as a tool to help enable the delivery of priority housing tenures.
	P2	Encouraging conversion of large residential dwellings into multiple homes	7. Planning policy, including the 2021 Island Plan, should encourage the conversion of large residential homes into multiple homes.
	P3	Affordable Housing Contribution	8. Planning policy, including the 2021 Island Plan, should introduce an Affordable Housing Contribution to mandate a minimum proportion of new supply as affordable.
(Rental) Policies to improve affordability, access and quality in the rented sectors	R1	Utilising GoJ legislation to improve security of tenure and tenant rights	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
	R2	Rent stabilisation	10. Rent stabilisation legislation and a Rent Commission or Board to monitor and decide on annual rent increases should be introduced.
	R3	Reform social housing allocations policy (expanding the current Gateway)	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.
	R4	Strong support for reform of social rent setting	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.

² Removed from summary further to decision of HPDB

1 | The Housing Policy Development Board

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

1.1.2. This section provides an overview of the context, membership and workstreams overseen by the HPDB.

1.2. Purpose

1.2.1. Consisting of nine States Assembly members, a lay member and an Independent Chair, the HPDB met seven times between April 2019 and December 2019. During this time, the Board considered a wide-ranging review of the housing market in Jersey to explore sustainable, holistic and coherent policy solutions that support the delivery of the strategic priority to “reduce income inequality and improve the standard of living by improving the quality and affordability of housing” identified in the Statement of Common Strategic Policy 2018-2022.

1.2.2. Ministers have made a commitment to:

- Secure a consistent supply of good quality homes that are affordable
- Improve the quality of rented homes
- Strengthen the rights of tenants

1.2.3. To address these areas, Ministers set up a Housing Policy Development Board. The HPDB is responsible for issuing a final report with its findings to the Chief Minister and Council of Ministers.

1.3. The HPDB in Context

1.3.1. The Government Plan

1.3.2. The States Assembly voted on and agreed the 2020 Government Plan in December 2019. The plan covers five strategic priorities that the States Assembly approved for the current Government’s term of office, and it brings together the Government’s proposals for both income generation and spending.

1.3.3. One of the key strategies of the Common Strategic Policy is to ‘reduce income inequality and improve the standard of living by improving the quality and affordability of housing’. It acknowledges that poor housing can have a negative impact on health and education outcomes and that:

- many migrant families live in overcrowded conditions
- home ownership is increasingly out of reach of local families with average incomes
- the high cost of housing can also make it difficult to attract health and education professionals to move to Jersey

1.3.4. The 2020 Government Plan proposes, among a range of other initiatives, to start to implement recommendations from the HPDB by earmarking £10 million in 2021 to support an affordable home ownership scheme.

1.3.5. In addition, funding is proposed from 2021 onwards to support agreed options, which include:

- to ensure appropriate renting and ownership choices are available in Jersey
- to help with housing costs
- to increase the supply of land and finance
- to maximise the use of existing stock
- to consider options to reduce the cost of building new homes

1.3.6. The Island Plan

1.3.7. Running in parallel with the HPDB, the Island Plan development process for Jersey's new 10-year planning framework is underway³. The Island Plan seeks to consider how best to deal with the need for new homes among other factors.

1.3.8. The Island Plan Review Team is responsible for preparing the plan for adoption in 2021. The HPDB has actively consulted with the Island Plan Review Team throughout the policy development process and proposes policies for inclusion in the upcoming 2021 Island Plan.

1.3.9. The 2016 Housing Strategy

1.3.10. Former Housing Minister Deputy Anne Pryke published a housing strategy for Jersey in 2016 which sets out what the Council of Ministers intends to do to improve Jersey's housing situation.

1.3.11. The strategy sets out the government's ambition to make Jersey an inclusive place to live with suitable, high quality housing available to all residents. The key objectives of the strategy are:

- balanced housing supply: ensuring the supply of decent homes meets the identified needs of the Island
- best use of housing: making the best use of the existing and future housing stock
- improved standards: improving the condition, security, energy efficiency and suitability of homes
- stronger communities: creating strong communities and neighbourhoods

1.3.12. The Housing Strategy acts to identify areas for further action and proposes some housing policy responses.

1.3.13. The HPDB has utilised the strategy as a source for the identification and analysis of key issues facing the housing market and has considered some of its proposed responses as part of the policy development process.

1.4. Membership and Support

1.4.1. The table below contains a list of board members, and other supporting agents.

³ Since this Report was drafted in March 2020 it has been agreed that a 3 year 'Bridging Island Plan' will be developed rather than a full 10 year Plan.

Table 2: HPDB Members and Support

Chair	Mr Michael de la Haye OBE (independent chair)
Members	<p>Senator Sam Mézec, Minister for Children and Housing</p> <p>Deputy John Young, Minister for the Environment</p> <p>Deputy Kevin Lewis, Minister for Infrastructure</p> <p>Deputy Susie Pinel, Minister for Treasury and Resources</p> <p>Deputy Gregory Guida, Assistant Minister for the Environment, Assistant Minister for Home Affairs</p> <p>Deputy Lindsay Ash, Assistant Minister for Treasury and Resources</p> <p>Deputy Carina Alves, Deputy for St. Helier No. 2</p> <p>Connétable John Le Bailly, Connétable of St. Mary</p> <p>John Scally, lay member</p>
Non-member participants	Senior officer representation from the Department for Growth Housing and Environment; Department for Strategic Policy, Performance and Population; and Department for Treasury and Exchequer
Expert advisors: external housing specialist	Altair, Housing and Regeneration Advisers (see Appendix 1 for detailed methodology of Altair’s work in support of the HPDB)
Government of Jersey executive support	Policy Principal, Strategic Policy, Performance and Population Department

1.5. Board Workstreams

1.5.1. The Board was made responsible for a wide-ranging review of the housing market in Jersey, to include:

- Investigating challenges in Jersey’s housing market
- Examining the factors that affect the supply, affordability, access to, and the standard of housing affordability of housing in Jersey
- Making recommendations for policy development in view of the findings in relation to the above 2 items with particular focus on the funding arrangements required to deliver those recommendations

1.5.2. This work is in line with the long-term vision adopted by Future Jersey, which is in the final phase of the ‘Shaping Our Future’ public consultation to create a shared, long-term community vision for Jersey. In relation to housing, Future Jersey highlights a need to find solutions to home ownership; reduce rental stress; and improve the supply and quality of the island’s housing through new development and making better use of the existing housing resources.

1.5.3. At the inception of the HPDB, the Chief Minister and the Minister for Children and Housing identified two specific workstreams for the Board to consider, namely the issue of foreign investment in property in the island and the impact of the present social housing rents policy.

1.5.4. These issues have been reported on separately to this report, as part of a series of workstreams led by Strategic Policy, Performance and Population (SPP):

- The Board noted in September 2019 that an officer-led working group had been set up to review the social rents policy and would report to the Board with its findings.
- A review of buy-to-let and foreign investment: The Board was informed in September 2019 of work undertaken setting out the likely effects of foreign ownership. They were also made aware that the size of the issue is not satisfactorily understood locally, and that changes were underway regarding future data capture that would provide better accuracy on the size and nature of the foreign buy-to-let market in Jersey

In addition,

- A review of homelessness in Jersey has been undertaken and a homelessness strategy to be published in early 2020.

1.5.5. A full list of the roles and responsibilities of the Board, and the outcomes to date, is contained at Appendix 2.

1.6. Board Meetings

1.6.1. An inception meeting, six monthly board meetings and one policy development workshop were held between April 2019 to December 2019.

1.6.2. Board meetings were organised according to the programme's phases:

- April 2019: Inception to determine the Board's brief and responsibilities
- May, June, July 2019: Discovery phase and presentation of briefing documents by Altair
- September, October 2019 (and October Workshop): Policy Options Development supported by Altair
- December 2019 and January 2020: Recommendations Development supported by Altair

1.6.3. A full list of board meetings and their topics are provided at Appendix 3.

2 | Key Challenges Facing Jersey's Housing Market

2.1. Overview

2.1.1. The Discovery phase identified that housing affordability is a key challenge among different household groups and tenures, and that this is compounded by the lack of supply of affordable, high-quality housing options in the market. The research also identified that land availability is a significant barrier to the delivery of new supply, and that the lack of supply of suitable housing for Jersey's ageing population may be driving under occupation of existing homes.

2.2. Current Housing Policy in Jersey

2.2.1. There are a number of key active housing policies in Jersey, including:

- The Gateway, which administers access to affordable housing
- Social rental and affordable homeownership products, offered by affordable housing providers such as Andium Homes and Housing Trusts
- Income Support, a government welfare system which supports rental costs as part of an overall means tested benefit system
- Planning Policy, which zones 'Category A' land for affordable housing

2.2.2. There are also a number of smaller planning, legislative and fiscal policies that address particular areas in the housing market. For example, the government's voluntary scheme Rent Safe is currently used to encourage landlords to meet the minimum standards. Details on some of these policies are presented in Section 6.

2.3. Key Challenge 1: Affordability in Jersey

2.3.1. The GoJ acknowledges that housing is comparatively expensive in Jersey and that housing affordability is one of the main challenges facing the Island's housing market⁴. It also acknowledges that home ownership is increasingly out of reach of local families with average incomes.

2.3.2. Research into housing affordability, and its relationship with quality and supply, suggests:

- Overall, housing in Jersey is unaffordable across tenures and income groups. Affordability therefore acts as a barrier to adequate housing for people in Jersey.
- Because housing affordability is invariably linked to household earnings, recent house price growth at levels above the growth in earnings has meant that affordability pressures have become more acute in recent years.
- Housing affordability in Jersey has an impact on households' ability to access homeownership, and on both the recruitment and retention of key workers.
- Housing isn't considered affordable if it's not of a liveable condition, and at present, there have been many reports of sub-standard accommodation in Jersey. However, work is underway to improve the standard of rented

⁴ States of Jersey Strategic Housing Unit, Housing Strategy, 2016

housing on the island.

2.4. Key Challenge 2: Housing Jersey's Ageing Population

2.4.1. Older people over 65 make up c. 17% of Jersey's population but account for about a third of all homeowners on the island and live in a quarter of the homes in Jersey. Estimates show that there will be c. 11,000 more pensioners living in Jersey by 2035.

2.4.2. There are currently two key challenges relating to Jersey's ageing population and its interaction with a sustainable housing market:

- There is significant under occupation of housing (living in accommodation with two or more 'spare' bedrooms) among Jersey's population, with a quarter of all households under occupying their home (according to 2011 census data). Under occupation is concentrated among older people.
- There is a lack of suitable housing for older people on the island, which may act as a barrier to rightsizing into smaller properties.

2.5. Key Challenge 2: Current Barriers to Development

2.5.1. Open market and affordable developers in Jersey face some significant challenges in Jersey's construction sector, namely land supply and costs. Some other challenges developers may face include the future of the construction market and workforce, particularly if construction in Jersey increases significantly and simultaneously (e.g. significantly higher housing supply outputs), planning-related delays and access to finance and funding. Despite these challenges, developers have generally been successful in delivering viable schemes.

2.5.2. An analysis of Jersey's current barriers to development finds:

- The most significant barrier currently facing housing delivery in Jersey is land supply, and its impact on land cost. Land costs, coupled with relatively moderate comparative build costs (similar to other jurisdictions with similarly high house prices, such as London and the South East of England), are key drivers of the high cost of housing in Jersey.
- Due to delays in the release of government-provided land, affordable housing providers are currently competing with open market developers for land. This is a particular challenge for affordable developers (who do not receive grant subsidy), since their below-market rental returns do not support the same cost of land as developers offering housing products at market rates.

2.6. Key Challenge 4: Jersey's two-tier housing market

2.6.1. Jersey currently has a housing market which restricts access to rental and owner-occupied housing through residential and job status, in effect creating a 'two-tier market' with a primary market, accessed by those with the appropriate residential status, and a secondary market which those without qualifications rely upon.

2.6.2. This is primarily driven by the desire to create migration controls within the constraints of the freedom of movement allowed within the Common Travel Area.

2.6.3. Research into Jersey's and other housing markets which restricts migrants' access to housing reveals:

- The split market has a negative impact on access to good quality, suitable accommodation for some portions of Jersey's population.
- In international terms, Jersey and Guernsey are unusual in maintaining a two-tier rental market.

2.7. Key Challenge 5: Housing's complex role within Jersey's wider economy

2.7.1. Housing-related market activity makes up a large portion of wider economic activity in Jersey. However, the relationship between housing and the economy doesn't stop at the monetary value of housing in the macroeconomy. For instance:

- The housing market may be stimulated by growth in the economy, as well as other factors such as the view that the economy will do better in the future.
- Recent years show there is a variable relationship between house prices and supply, with house prices generally rising across periods with relatively high and low total supply additions per annum.
- In addition to providing activity that requires jobs and spending, adequate and sustainable housing provides a platform for wider participation in the economy.

2.7.2. Each of these challenges is explored in greater detail in Appendix 4, which provides summary versions of the papers received by the HPDB during the discovery phase.

3 | Development of the Recommended Policy Package

3.1. Overview

3.1.1. This section of the report details the policy options that were considered by the Board and the process through which policy interventions were assessed and ultimately excluded from further consideration or included in the recommendations.

3.2. Key Tasks

3.2.1. Following the Discovery phase, the Board entered into the iterative 'Options' phase where Altair supported the Board to consider the full range of policy interventions available to seek to address the challenges identified in Phase 1, and to narrow these options down into a single, coherent suite of policies for recommendation. This phase was spread over two board meetings and one policy development workshop between September 2019 and the end of October 2019.

3.2.2. At the September 2019 HPDB meeting, Altair presented a longlist of potential policy interventions which could address the identified challenges facing the whole housing market in Jersey, namely those related to improving affordability, quality, supply and access. These policy interventions were presented as summaries for the Board and included detail on where they were used elsewhere in the world and what the potential benefits and implications were from each.

3.2.3. As a result of the meeting, the Board requested Altair to commence more detailed work on a number of potential policy interventions that it had indicated it wished to consider further.

3.2.4. At the October 2019 HPDB meeting, Altair produced a report which set out four 'policy packages', combining and refining the 'policy interventions' previously reviewed by the Board, and addressing the points for further consideration, identified through the workshops. These packages represented different approaches in terms of both the level of intervention that is required to implement them, and whether they focus on the state or on the market as supporting the solutions to the housing challenges faced by Jersey.

3.2.5. In the October meeting, the HPDB agreed to combine a selection of policy interventions from each policy package to create a new single package. This new policy package was characterised by a significant GoJ-led building programme, with measures to encourage market delivery, as well as policy measures to improve tenants' rights. As a result of the meeting, the Board agreed to consider the policy package in more detail at a forthcoming workshop, at which it would further refine it.

3.2.6. At the 29th October Policy Workshop, Altair presented the refined policy package following feedback from the October HPDB meeting. At the 29th October workshop, the HPDB assessed each of its selected policy interventions according to their:

- Suitability – how effective the policy would be in addressing the HPDB's objectives for the Jersey housing market
- Feasibility – how simple or complex, and how likely it was that the policy

would be successfully implemented

- Acceptability – how acceptable the policy would be to stakeholders (e.g. States Assembly members, business interest groups, existing and future residents etc.)

3.2.7. As a result of this assessment by the Board, some policy interventions were excluded as either less suitable, unfeasible, or not acceptable to key stakeholders.

3.2.8. The resultant suite of policies was then presented in summary to the HPDB in December 2019, alongside draft recommendations for both the HPDB and the Chief Minister. Discussion at the December meeting led to further refinement of the policy interventions and the creation of this report, which sets out the final recommended policy package.

3.2.9. Appendix 5 provides an overview of each stage in the policy development process; starting from the key policy development considerations from the discovery phase, through long and short-listing of policy interventions, to the all-day workshop where the HPDB agreed the suite of policy interventions for inclusion in the recommended policy package.

4 | Overview of the Recommended Policy Package

4.1. Introduction

4.1.1. The 'Government Leadership' Policy Package (GLPP) brings together twelve policy interventions which see the GoJ take an active role in shaping the housing sector on the island.

4.1.2. The Vision

4.1.3. In the future, Jersey has a housing market that provides choice, through:

- Increased supply across a range of housing types and tenures;
- Widened access to both affordable ownership and affordable rental;
- A high-quality market rental offer, that is secure and stable, and which residents can access on an equal basis; and
- Options for those looking to downsize.

4.1.4. Housing of all tenures is delivered by the market, GoJ's delivery agents (Andium Homes and the Jersey Development Company), and the Housing Trusts. With enhanced powers and a wide focus, the GoJ is the driving force behind the majority of new housing supply on the Island.

4.1.5. The policy package is comprised of three key elements:

- Government-led interventions to increase the supply and availability of housing;
- Planning measures to facilitate new supply and affordability; and
- Policies to improve affordability, access and quality across the rented sector

4.1.6. Each of these elements contain a number of policy interventions. Each intervention contains policy recommendations for the Chief Minister and Council of Ministers.

4.2. The Objectives of the HPDB

4.2.1. The HPDB was established to examine the housing market in Jersey and to develop comprehensive proposals that improve the supply, affordability, access to, and standard of housing on the Island.

4.2.2. The evidence gathered by the Board is clear – Jersey's housing market is not fit for purpose and will not improve without bold action and significant change from the status quo. The HPDB recognises the scale of this challenge, as well as the challenge facing the government to agree and implement comprehensive and impactful solutions.

4.2.3. To meet these challenges, the policies recommended in the package draw inspiration from successful international approaches but are designed with careful consideration of Jersey's unique context.

4.2.4. The policy package recommends the following key actions:

- The GoJ should deliver new supply through, and ensure clear strategic alignment across its delivery agents such as Andium Homes and JDC and the Housing Trusts
- Significant borrowing should be undertaken to invest in a GoJ-backed development programme that seeks to provide new housing across a range of tenures, and to a range of need groups
- The GoJ should act to make renting better for people in Jersey, such as through legislation to improve tenants' rights and regulating rental increases and by addressing issues related to access and affordability in the social rented sector
- Whilst the GoJ should play a lead role in addressing Jersey's housing challenges, it should also encourage the private sector to play its part in new housing delivery by rezoning land for specific residential classes, ensuring new development responds to local need and through developers' affordable housing contributions
- For Jersey to maximise its current housing stock, the GoJ should provide personalised support for right-sizers, and review the existing planning framework to better encourage conversion of large rural properties into multiple homes

Table 3: How the Policy Package Meets the Objectives of the HPDB

Objective	Description of How Package Meets Objective
<p>Supply</p>	<p>An essential part of this recommended policy package is the establishment of a government-led housing building programme to deliver new homes across a range of need groups and housing market segments. Several policies in the package aim to directly and indirectly support new supply, such as:</p> <ul style="list-style-type: none"> - Strategic alignment between the GOJ's delivery bodies, and a comprehensive estates strategy, will drive the certainty and clarity needed for Andium, JDC and Housing Trusts to expand their build programmes. - Borrowing and cross-subsidy through the GoJ or its delivery agents will help fund capital costs of a build programme led by GoJ delivery agents, increasing the number of homes delivered above the current levels of output. - Rezoning makes land available for development of affordable new homes by the private sector, Government of Jersey, and Housing Trusts - Encouraging conversions of larger homes will increase the supply of new homes by splitting existing large homes into a number of smaller homes or flats <p>Two policies in the package that work together to indirectly increase supply are facilitating downsizing and GoJ delivery of older people's housing. These also work together to make more efficient use of Jersey's existing housing stock.</p>
<p>Affordability</p>	<p>The recommended policy package aims to improve affordability through:</p>

Objective	Description of How Package Meets Objective
	<ul style="list-style-type: none"> - An Affordable Housing Contribution, which mandates that almost all new developments have some portion of affordable housing (up to 20%) - Social rent reform could decrease the costs of renting in the social sector, improving the affordability of the tenure for some social tenants, and reduce dependency on Income Support - Rent stabilisation ensures the cost of renting does not increase beyond set reasonable rates - GoJ delivery of affordable home ownership will increase the number of affordable homes offered to those who cannot purchase a home outright due to affordability challenges
Access	<p>Policies in the recommended package aim to ensure households are able to access multiple tenures and house types that better meet people’s needs.</p> <ul style="list-style-type: none"> - Expanding access to the Gateway allows more households to access stable, affordable housing who may otherwise be restricted to renting privately - This policy package seeks to stabilise rents and provide greater security of tenure and tenants’ rights across all privately rented accommodation. In doing so (and supported by policy enforcing minimum standards such as Rent Safe), it facilitates the development of a refined Two-Tier housing system in Jersey and makes possible a future where residents can access the rental market on an equal basis. - GoJ provision of affordable home ownership, market rent and retirement housing for older people drives diversity of housing stock in the market, allowing more people to access the kinds of housing that meet their needs - Facilitating downsizing makes existing larger housing available for purchase or rent, thereby increasing access to this previously unavailable family-sized accommodation
Standards	<p>Policies in the recommended package aim to improve the standard of accommodation, particularly in the private rental sector.</p> <ul style="list-style-type: none"> - Improving the security of tenure and tenant rights aims to improve standards in the private rental sector such that renters have the same lived experience as owner-occupiers. The policy achieves this by mandating secure long-term tenancies, ending no-fault evictions and strengthening tenants’ rights to freedoms such as pets and redecoration. - By providing market rental accommodation, the GoJ encourages, through competition, the improvement in the quality standards in the market rented sector on the Island.

4.3. Policies included within the Package

4.3.1. The policy package contains twelve policy interventions, each grouped according to the package’s three elements:

- Government-led interventions to increase the supply and availability of housing
- Planning measures to facilitate new supply and affordability
- Policies to improve affordability, access and quality across all rented sectors

4.3.2. Policy interventions are coded with respect to the policy package element by which they are grouped, as summarised in the table below.

Table 4: Policy Package Elements, Interventions and References

Policy Package Element	Reference	Policy Intervention
(Supply) Government-led interventions to increase the supply and availability of housing	S1	Estate strategy and strategic alignment of GoJ delivery bodies
	S2	Borrowing and cross-subsidy to fund additional new housing supply
	S3	The use of Compulsory Purchase powers for both site-assembly and to discourage ‘land banking’ by landowners
	S4	Delivery of new homes across a range of tenures and need groups
	S5	Encouraging ‘rightsizing’ to improve the availability of family-sized accommodation
(Planning) Planning measures to facilitate new supply and affordability	P1	Rezoning of land for specific residential classes
	P2	Encouraging conversion of large residential dwellings into multiple homes
	P3	Affordable Housing Contribution
(Rental) Policies to improve affordability, access and quality in the social and qualified rented sectors	R1	Utilising GoJ legislation to improve security of tenure and tenant rights
	R2	Rent stabilisation
	R3	Reform social housing allocations policy (expanding the current Gateway)
	R4	Strong support for reform of social rent setting

4.4. Policy Interactions

4.4.1. While groupings are used for clarity, each of the policy interventions has been developed with consideration to the wider policy package, and how all policy interventions in the overall package interact with each other.

4.4.2. Within the packages there are a number of interventions which should be considered 'core' to the package; meaning that several other policy interventions would not be possible without their implementation.

4.4.3. There are also a number of 'ancillary' policy interventions. While these have been developed to address key challenges and to work in parallel with other policies in the package, they will not have a significant effect on the success or failure of other policy interventions.

4.4.4. If policies are to be accepted or rejected separately, these interactions should be considered closely. To enable this, each policy intervention section outlined below contains a list of interactions with other interventions in the package. This section indicates if and how the intervention impacts on, and is impacted by, other interventions.

4.5. Presentation of Recommendations

4.5.1. The following pages contain the Board's recommendations for the GoJ regarding the approval, administration and delivery of the policy package. For clarity, the recommendations have been arranged into two categories, including:

- **Policy Recommendations**: for the Chief Minister to consider approving, determining whether or not the policies will be advanced and administered
- **Recommended Actions**: for the Chief Minister to action to provide greater clarity on feasibility or administration of the policy, which fall beyond the remit of this review. These may be actioned before or after the Council of Ministers are asked to consider the package, depending on the level of detail required to enable decision making.

4.5.2. Policy Recommendations are compiled at the conclusion of this report.

5 | Government-led interventions to increase the supply and availability of housing

5.1. Overview

5.1.1. An essential part of this policy package is the key role that the GoJ and its delivery agents will play in the supply of new housing on the Island, as well as actively encouraging more efficient use of existing housing. The policy recommendations directly related to Government-led supply are:

S1 – Estate strategy and strategic alignment of GoJ delivery bodies

S2 - Borrowing and cross-subsidy to fund additional new housing supply

S3 – The use of Compulsory Purchase powers for both site-assembly and to discourage 'land banking'

S4 - Delivery of new homes across a range of tenures and need groups

S5 - Encouraging 'rightsizing' to improve the availability of family-sized accommodation

This section provides detailed policy recommendations for each of these policy interventions.

5.2. S1 – Estate Strategy and Strategic Alignment of GoJ Delivery Bodies

5.2.1. Policy Recommendation: 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 and JDC, which also encompasses its relationship with the housing trusts.

5.2.2. Context and Drivers

5.2.3. The HPDB has previously expressed its concern that there is a lack of strategic direction from GoJ for both Andium and JDC, and as such both organisations operate in a policy vacuum, and the decisions they make may not be aligned to wider GoJ policy agendas.

5.2.4. In addition, JDC and Andium’s activity may overlap or in places compete, for example in the different affordable ownership products offered by each organisation.

5.2.5. Having an effective and clear strategy, both guiding the activity of GoJ backed delivery agents, and setting out the best use of land in public ownership should promote efficient decision making and help unlock greater housing delivery.

5.2.6. Policy Description

5.2.7. This policy consists of two elements:

- An overarching residential delivery and management strategy for GoJ-backed housing organisations, encompassing Jersey Property Holdings (JPH), the GoJ estates manager, Andium and JDC and the housing trusts; and
- A GoJ Land Strategy, which addresses all of the demands on public land on the Island and includes housing delivery as an area of focus. The strategy should specify what land will be released for housing, to whom it will be released, the terms and conditions of releasing land to developers / GoJ providers, and what returns (financial and otherwise) the GoJ expect.

5.2.8. These two elements are described in more detail below.

5.2.9. *Residential delivery and management strategy*

5.2.10. A single strategy should be developed by the GoJ which addresses the objectives GoJ is seeking to achieve in its housing development and housing management. This should include:

- Objectives sought by the GoJ
- Desired tenure mix
- Funding and subsidy available
- Hurdles for assessing opportunities
- Standards for delivery and housing management
- Responsibility for different elements of delivery
- How the delivery agents are expected to work together
- The future role of the Housing Trusts

- 5.2.11. The strategic alignment of GoJ housing delivery should lead to the delivery agents of the GoJ working together under an agreed strategic vision to deliver housing suited to the sites available, and the needs of the residents of Jersey.
- 5.2.12. The GoJ could also consider amplifying this strategic alignment through addressing the governance of its arm's length bodies, and through unifying the scrutiny and oversight of JDC, JPH and Andium in a single location.
- 5.2.13. The strategy should also provide guidance on the GoJ's expectations of Housing Trusts in the delivery of new housing supply.
- 5.2.14. *A GoJ Land Strategy*
- 5.2.15. This strategy should seek to address the future uses of GoJ-owned land, including a specific focus on housing delivery to ensure that land is clearly designated for delivery, and to enable GoJ's delivery agents to move sites forward.
- 5.2.16. The strategy should consider the competing needs for land on the Island, and clearly designate appropriate land for the different types of housing that need to be delivered in the short medium and long term.
- 5.2.17. The strategy should, alongside the Island Plan, set the framework for the tenure, type, and location of housing across the Island. A comprehensive estate strategy would influence the rezoning of land (see P1 - Rezoning of land for specific residential classes).
- 5.2.18. Policy Objectives and Benefits
- 5.2.19. The objective of this policy is to make the most effective use of both public land and the GoJ's delivery agents, particularly, in the context of residential delivery, Andium and Jersey Development Company (JDC).
- 5.2.20. There are three main benefits of the policy:
- Ensuring the efficient use of public land for housing (and other) delivery
 - Coherent working across government agents and delivery bodies
 - Improves pace of delivery through having a clear strategy for all parties to adopt
- 5.2.21. Through taking a strategic approach, duplication and wasted effort should be reduced enabling a faster rate of housing delivery by the delivery agents, both on public land, and on sites acquired to achieve the GoJ's objectives.
- 5.2.22. Cost Implications
- 5.2.23. Developing strategy will require staff resource, as will the ongoing monitoring of the implementation of the strategy. This ongoing oversight and scrutiny will be important to ensure that the benefits sought from a strategy are achieved, and any issues resolved promptly.
- 5.2.24. Challenges
- 5.2.25. Potential challenges to achieving the objectives of this policy include:
- Time being spent developing strategy, rather than moving forward with

delivery

- The need for stakeholder buy-in (particularly of the delivery agents) to ensure that the strategy works in practice
- The need for the GoJ to agree its strategic priorities, and for these then to remain relatively fixed over time to provide certainty to work towards

5.2.26. Policy Interactions

5.2.27. This policy is closely linked to other policies in the policy package in that it sets out the overall strategy for their use by GoJ delivery agents. While many of the policies in the package may be delivered without '*S1 – Estate strategy and Strategic alignment of GoJ delivery bodies*', their intended objectives and outputs may be mismatched. These interactions are outlined below.

- *S2 - Government borrowing and cross-subsidy to fund additional new housing supply*: The GoJ or its delivery agents may borrow to enable its housing delivery strategy. Within the strategy the approach to using market product to subsidise affordable housing delivery should be set out, this may include cross-subsidy, **if necessary**, across different GoJ backed organisations.
- *S3 – The use of Compulsory Purchase powers for both site-assembly and to discourage 'land banking'*: GoJ may use CP powers to acquire land to be developed by either of its delivery agents, in line with the agreed strategy
- *S4 - Delivery of new homes across a range of tenures and need groups*: an overarching strategy will support effective GoJ housing delivery
- *P1 - Rezoning of land for specific residential classes*: Land that is rezoned may be GoJ land and rezoned in line with the Land Strategy or may be private land that is acquired by a GoJ backed delivery agent.

5.3. S2 - Government Borrowing and Cross-Subsidy to Fund Additional Supply

5.3.1. Policy Recommendation: 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.

5.3.2. Context and Drivers

5.3.3. There is capacity for the GoJ and/or its wholly owned companies, as well as Jersey's Housing Trusts, to borrow to fund housing delivery programmes. The GoJ has precedent for borrowing funds to finance some initiatives in the housing market, primarily exemplified through the issue of the social housing bond. The GoJ Government borrowed £250m through the issue of a bond to invest in building more social housing in 2014.

5.3.4. The proceeds from the bond went into a ring-fenced fund for social housing, bringing existing homes to the decent homes standard and building new homes. Andium accesses this loan and makes annual loan repayments of £5.7 million and loan interest payments of £5.9 million.

5.3.5. In addition, Andium pays c. £28.7 million to the Treasury per annum as a return for the transfer of GoJ-owned properties to Andium.

5.3.6. An analysis of the potential merits of a similar policy in the future indicate:

- Investor interest in the market for long term investment in the social housing sector where Government backed long term returns match investment requirements is high
- The 2014 housing bond was 2.5x oversubscribed reflecting strong interest in housing in GoJ
- The spread achieved at 52 basis points was very low. Although spreads have widened slightly in the run up to Brexit gilt rates are currently very low with the UK 2047 Gilt yield at 1.10% (23/08/19) indicating an all-in rate of well under 2% could be achieved.

5.3.7. Jersey also has some precedent for a cross-subsidy model, given Andium uses rental income and property sale proceeds to fund their activities.

5.3.8. Policy Description

5.3.9. The financial enablers in the 'Government Leadership' policy package are:

- Government-backed borrowing to draw the funds necessary for GoJ delivery agents to build new homes
- A cross-subsidy model enabling market products (sale and market rent) to support costs of affordable products (across delivery agents)

5.3.10. These policy interventions would enable significant long-term investment by the GoJ into housing in Jersey.

5.3.11. The HPDB considered a range of tax measures at the September 2019 meeting (including increasing stamp duty, increasing rental income tax, and land value uplift capture), which were rejected at that stage by the HPDB as being likely to be politically unacceptable. As a result, the policy interventions included within this policy package assume nil to low revenue subsidy by the GoJ to fund a

government-led build programme, in favour of loans to support the programme. If the outcome of policy R4 ([strong support for reform of social rent setting](#)) is to implement social rent reform which reduces rental income and Income Support revenue spend, some of those funds could (subject to modelling) be used to provide capital subsidy.

5.3.12. To provide circa 5,000 homes (see S4 below) it would require circa. £720m for build costs (at present value) plus any costs of land (e.g. for the acquisition of private land required to assemble sites).

5.3.13. We understand that Andium already have a pipeline of circa. 1,100 homes in development, with plans to deliver a total of 3,000 homes over the 2021-30 period.

5.3.14. Andium has committed all of the original £220m States Bond. It has recently entered into a revolving credit facility of £150m for its existing projects, which it will start drawing down in Q1 2021.

5.3.15. [JDC bank borrowing is forecast to reach £101m to complete its current pipeline of 280 residential units.](#)

5.3.16. [The profit/surplus from market sale units could be used to cross-subsidise the programme by circa £100m \(assuming circa. 1,740 market sale units, as suggested in S4\)⁵.](#)

5.3.17. In total, this would leave £470m⁶.

5.3.18. This policy intervention would entail bond issuances from the GoJ itself, or through Andium or JDC undertaking the borrowing through a private placement, so as to fund the delivery programme. Housing Trusts can also borrow commercially and do not impact directly on the GoJ balance sheet.

5.3.19. The level of borrowing, and how repayment is funded will be developed by GoJ Treasury and delivery agents. It is assumed the level of repayment will be determined by a combination of rental income and capital receipts.

5.3.20. Recommended Action: Andium and GoJ Treasury should undertake modelling on how borrowing on this scale might be drawn and repaid.

5.3.21. Policy Objectives and Benefits

5.3.22. The objective of this policy is to increase available capital funding for housing proposals contained in the policy package. There are two main benefits of the policy:

- Increased capacity for the GoJ to deliver new housing without any subsidy from taxes
- The ability to service the costs of affordable housing through the surplus generated from sales of market sale housing (estimated to be in the region of £100m based on assumed figures in S4), reducing the overall amount of

⁵ The figures in 5.3.15 - 5.3.16 were added in September 2020

⁶ Altair has derived the £470m figure by subtracting £150m (Andium facility) and £100m (cross-subsidy from market sales) from the £720m (build costs).

long-term government borrowing required

5.3.23. Cost Implications

5.3.24. The financial costs to the GoJ could include:

- Cost of borrowing: The repayment profile of the loan will determine actual costs of borrowing.
- Carrying Costs: There would be a cost of carry for the funds generated through any bond issue up until funds are utilised (i.e. the borrowing amount at present values may be worth 'less' purchasing future goods)
- Fees, administration and resource costs of preparing a bond issue and going out to market, and then administering it to GoJ delivery agents (if required)

5.3.25. If the GoJ itself, rather than its delivery agents, borrow the funds, there may also be an opportunity cost: funds drawn may limit the GoJ's borrowing capacity, which may interfere with the GoJ's ability to borrow for other or future policies.

5.3.26. Challenges

5.3.27. Some of the challenges to this policy could be:

- The 2014 bond proceeds have not yet been fully utilised
- Great Britain's exit from the European Union poses two potential risks:
 - It could have an impact on Jersey's wider economy and housing market, which could impact the programme
 - It may impact Jersey's tax revenues, which could affect GoJ borrowing capacity
 - Bank of England bank rates may change in the future, making borrowing rates less favourable
- The cross subsidy also poses some challenges, including:
 - It exposes GOJ delivery agents to market downturn and sales risk
 - It links affordable delivery to cyclical housing market delivery
 - It creates an incentive for GoJ to keep house prices high, since surpluses determine the level of subsidy available for affordable housing

5.3.28. Policy Interactions

5.3.29. This policy is closely linked with two other policy interventions in the policy package.

5.3.30. The level of borrowing required will be determined by:

- *S1 – Estate strategy and Strategic alignment of GoJ delivery bodies*: level of borrowing required will depend on land provided by the GoJ for the build programme, a form of subsidy as well as the financial plans of GoJ delivery agents

5.3.31. It provides the capital funding necessary for:

- *S4 - Delivery of new homes across a range of tenures and need groups*: it provides the upfront funding necessary to construct homes, with tenures offered conducive to the cross-subsidy model

5.4. S3 - The Use of Compulsory Purchase Powers

5.4.1. Policy Recommendation: The GoJ should use existing Compulsory Purchase powers to unlock sites for new development as part of Policy Intervention S4.

5.4.2. Context and Drivers

5.4.3. The GoJ has Compulsory Purchase powers under existing legislation (Compulsory Purchase of Land Law 1961). These powers enable the GoJ to compulsorily purchase land (and any built assets on the land) on behalf of the public, from landowners where an agreement between the GoJ and landowner cannot be reached. Under current legislation, land cannot be acquired by compulsory purchase unless the GoJ approves plans showing the land to be acquired and the amount to be paid to acquire the land. Historically, the GoJ has not exercised its Compulsory Purchase powers to their full potential effect.

5.4.4. Policy Description

5.4.5. Existing compulsory purchase powers could be used more readily by the GoJ to assist site assembly for new development. Working within existing legislation, GoJ should establish a new approach to the use of Compulsory Purchase powers, which sees a greater preparedness to use them and is complemented by the means (through the GoJ's own development programme (or those of its agents)) to develop the land it purchases.

5.4.6. In practice, Compulsory Purchase powers would only be used as a last resort, if agreement with landowners is not forthcoming.

5.4.7. Policy Objectives and Benefits

5.4.8. Primarily, this policy is intended to facilitate site assembly for GoJ-led development projects, making it easier to identify and 'unlock' development sites which would otherwise be prohibitively difficult to develop, due to multiple landowners on the site or site access.

5.4.9. There is also the anticipated benefit of discouraging 'land banking' by existing landowners.

5.4.10. Cost Implications

5.4.11. Assuming that the GoJ does not compensate landowners at above the market rate (as laid out in Compulsory Purchase of Land Law 1961), the financial cost of this policy is neutral, with the cost of implementation restricted to officer time in preparing applications for Compulsory Purchase to the GoJ.

5.4.12. Challenges

5.4.13. Some of the challenges to this policy could be:

- Achieving agreement by States Assembly for applications for the exercise of Compulsory Purchase powers
- Exercise of these powers may expose the GoJ to possible legal challenge from landowners

5.4.14. Policy Interactions

5.4.15. This policy is closely linked to three other policy interventions in the package:

5.4.16. Its use will be defined by:

- *S1 – Estate strategy and Strategic alignment of GoJ delivery bodies:* GoJ may use CP powers to acquire land to be developed by either of its delivery agents, in line with the agreed strategy

5.4.17. It enables the following to meet their objectives:

- *S4 - Delivery of new homes across a range of tenures and need groups:* having the means to develop the land itself as part of a larger building programme will likely increase the need to use compulsory purchase powers
- *P1 - Rezoning of land for specific residential classes:* Land that is rezoned may be subject to compulsory purchase by the GoJ. Compulsory Purchase therefore allows the GoJ a mechanism to ensure land rezoned is built on to meet key housing need.

5.5. S4 - Delivery of New Homes Across a Range of Tenures and Need Groups

5.5.1. Policy Recommendation: A significant GoJ-backed development programme should be mobilised, following an appropriate feasibility study.

5.5.1. Context and Drivers

5.5.2. The key driver behind this policy intervention is the housing need (as assessed in the 2018 ARC Objective Assessment of Housing Need (OAHN)). Based on a net inward migration of +1,000, the OAHN found that 7,010 new homes would need to be provided over the Island Plan period 2021 – 2030. The identified split of tenure need is:

Table 5: Housing Needs by Tenure

Tenure	Need
Affordable Purchase	1100
Affordable Rent	920
Open Market (Rent)	2030
Open Market (Sale)	2700
Key Worker	250
Supported Housing	(bed spaces) 520

5.5.3. It should be noted that due to not having up-to-date census information, and uncertainty over the migration position for the Island Plan it is possible that these figures underestimate delivery requirements. Further, the OAHN did not consider changes to the Gateway recommended by HQN and being taken forward by the GoJ which will likely increase the proportion of housing that needs to be delivered as affordable rental.

5.5.4. Jersey has three different affordable home ownership products currently in operation: First Time Buyer Housing, HomeBuy, and Assisted Purchase; two of which contain explicit discounts to purchasers. These are covered in detail in Appendix 4.

5.5.5. Policy Description

5.5.6. This policy is about establishing a major state-led building programme which sees the GoJ (through its delivery agents such as Andium and JDC, as well as Jersey's housing trusts) leading the extensive development of new housing on the Island. This delivery would be largely based on state-assessed housing need and should provide housing in a range of locations, housing types, and tenures.

5.5.7. This programme will include GoJ-sponsored delivery of homes for:

- Social rent
- Market rent to create mixed-tenure communities and where necessary for site viability
- Affordable home ownership
- Outright sale
- Retirement and specialist extra-care/supported accommodation

5.5.8. Private sector housing delivery for the last Island plan 2011 – 2020, is estimated to be 2,390 homes. We have assumed that the private sector will contribute a similar level of housing in the next Island Plan⁷. This leaves c. 5,000 homes to be delivered by the public sector. We expect this to be predominantly delivered by GoJ delivery agents. Housing Trusts will likely also deliver some new homes, with the GoJ working with them on smaller sites and in particular tenures that may suit some Housing Trusts (e.g. Trusts specialising in supported housing).

5.5.9. Recommendation: 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.

5.5.10. It is assumed that the private sector will predominantly deliver both open market sale and rental products⁸. Despite the inclusion of the Affordable Homes Contribution policy included elsewhere in this policy package (policy P3), we have not assumed any contribution from the private sector, given the uncertainty about how the level of contribution will be profiled as it is introduced slowly.

5.5.11. In recognition that the Housing Minister has already approved, in principle, an expansion of the Gateway (as recommended in the ‘Review of access to social housing in Jersey’ HQN report in April 2019) and that work is yet to be completed on the impact of these changes, a single figure for ‘rental housing’ has been used to cover both affordable and market rental homes delivered by the GoJ.

5.5.12. Given these caveats, the chart below shows the approximate level of delivery required for the GoJ to meet the OAHN requirements if the private sector does not increase its output above previous Island Plan levels.

Figure 1: Delivery Required to meet OAHN Requirements by tenure / need group



5.5.13. Any additional units delivered through conversions (policy intervention P2) have not been considered. Additional units delivered through conversions

⁷ We have used the OAHN figures as the basis for estimating delivery over the 2021 – 2030 Island plan. Private sector housing delivery for the last island plan 2011 – 2020, is estimated to be 2,390 homes.

⁸ We have assumed the tenure profile of private sector delivery will be 60% rental and 40% sale, broadly reflecting supply figures in Jersey’s Future Housing Needs 2019 – 2021 and in the Financial Times *Jersey homes offer a hedge against Corbyn* (28/02/2018)

would add to the overall supply total and may reduce the amount of delivery required from the GoJ or change the profile of property sizes required.

5.5.14. *Construction*

5.5.15. The scale of this delivery represents a significant increase on historic figures for new housing supply on the Island, which have averaged at about 300 net housing supply additions per annum⁹.

5.5.16. The HPDB recognise that the Island's social housing stock has seen a significant amount of refurbishment work, with over 1,000 units improved to achieve Decent Homes Standard. It has been suggested that the capacity and capability of the Island's construction sector that has been engaged in this work, can be directed towards the construction of the new homes required over the next decade, now that the Decent Homes programme is largely complete.

5.6.

5.6.1. The HPDB received reporting that research suggests that labour and skills shortages are not currently a significant barrier to housing delivery on the island at current delivery levels (with the exception of some less-frequent, large scale projects such as the St Helier Waterfront project). It also noted the ability to access both UK and French supply chains (for example the use of a French contractor, Groupe Legendre for the Horizon Jersey Development Company scheme at St Helier Waterfront).

5.6.2. Nevertheless, increasing the supply of new homes in line with this policy recommendation poses a significant challenge for the Island's construction sector. As such, there should be engagement with construction companies, both on and off the Island, about the plans for the GoJ and its delivery agents. The GoJ and its delivery agents should seek to give assurances of construction requirements including unit numbers and timescales when it seeks to procure construction partners.

5.6.1. Recommendation: 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.

5.6.2. *Delivery Across a Range of Tenures*

5.6.3. It is the view of the HPDB that each of the tenures referred to above should be delivered in accordance with the description below:

5.6.4. *Affordable home ownership* is an existing housing product offer in Jersey delivered through two schemes (Assisted Purchase and Andium HomeBuy). It is the view of the HPDB that expanded delivery of home ownership should be focussed on a single affordable ownership scheme (as opposed to the number of schemes which currently exist on the Island), with the intention of providing clarity

⁹ Future Jersey, 'Improve Housing Supply: Net Additions to the Housing Supply', 2013-2017

and consistency to consumers. £10 million has been earmarked in the Government Plan for 2021 to support home ownership schemes for households who are unable to purchase a home in the open market.

5.6.5. Recommendation: 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 Government Plan for 2021.

5.6.6. *Outright market sale* is a tenure both in demand and a potential source of cross-subsidy for the GoJ's wider housing delivery programme. The surplus from circa. 1,200 market sale units, based on land and build costs in Jersey, is estimated to be circa. £70m. Successful delivery of market sale housing could result in the GoJ borrowing less capital to fund its ambitions for affordable housing and housing for older people.

5.6.7. The supply and options of *housing for older people*, is limited in Jersey, with a particular lack of extra-care¹⁰ style accommodation. The GoJ should take the lead in the delivery of modern, purpose-built housing for older people across a range of tenures and types. This may take the form of some mixed-tenure, mixed-age and purpose-built retirement living solutions.

5.6.8. *Market rented accommodation*, should be considered on a site-by-site basis to aid in site viability and to create mixed-tenure communities. Market rented properties could be managed by Andium and integrated into its existing housing management service.

5.6.9. Policy Objectives and Benefits

5.6.10. The objectives of this policy are to increase supply and access to a range of housing types and tenures, in order to meet a broader range of housing need across Jersey. The specific objectives for GoJ provision of each tenure / type are as follows:

- Social rent – to meet the projected demand for social rental accommodation on the Island, as well as additional demand that may be stimulated through broadening the Gateway
- Market rent – to meet the projected demand and create mixed-tenure communities. Market rental accommodation will also be delivered where necessary for site viability. Delivering a good quality market rent product, could also encourage some private landlords (through competition) to improve the quality of the homes and services that they offer;
- Affordable homeownership – to meet the projected demand and deliver housing that private providers do not typically supply. GoJ provision of affordable ownership can improve access to homeownership and the supply of new homes;
- Outright sale – to generate capital returns that can be used to cross-

¹⁰ Extra care is a principle that can be applied to a broad range of housing offers which typically offer self-contained apartments with communal facilities and access to dedicated personal care. In the UK, schemes commonly comprise of around 40-60 rented flats with a communal lounge/living room, a restaurant or dining area and can offer other services such as a hairdresser and/or a shop. The ethos of extra care is usually about providing an enabling environment, rather than the more intensive care and assistance provided in residential care.

subsidise social rental housing; and

- Retirement housing – to provide attractive and suitable accommodation to older people and encourage under occupiers to move out of larger family-sized accommodation which could increase access to suitable accommodation for families.

5.6.11. The anticipated benefits and challenges of GoJ-led delivery of these tenures is explored in the table below:

Table 6: Anticipated Benefits, Challenges and Risks of GoJ-led delivery tenures

	Anticipated Benefits	Challenges and Risks
GoJ delivery of an affordable ownership tenure	<ul style="list-style-type: none"> ▪ Provides a route to ownership for those who would otherwise be unable to purchase in the open market ▪ Could be used to increase the proportion of owner-occupiers on the Island 	<ul style="list-style-type: none"> ▪ Beneficiary group will be 'middle income' rather than 'low income' ▪ Development risk on sales borne by GoJ ▪ May restrict affordable owners to this market ▪ Lack of public awareness of tenure ▪ The increased scale of housing delivery across all of these tenures poses a risk that the construction industry on Jersey will struggle to meet the demands of this programme
GoJ delivery of open market sale	<ul style="list-style-type: none"> ▪ Can provide capital receipts to cross-subsidise the delivery of affordable housing ▪ Additional supply may suppress house price growth making owner-occupation more affordable on the Island in the future 	<ul style="list-style-type: none"> ▪ May be viewed negatively that GoJ is delivering a market product rather than affordable housing ▪ Exposes GoJ to housing market risk ▪ The increased scale of housing delivery across all of these tenures poses a risk that the construction industry on Jersey will struggle to meet the demands of this programme
GoJ provision of retirement housing for older people	<ul style="list-style-type: none"> ▪ Encourages older under occupiers to move from their under occupied homes to more easily managed accommodation ▪ This in turn releases these under occupied homes into the market for families to buy ▪ Meets the needs of older people who need more suitable accommodation than their family homes ▪ Better housing and health outcome for residents of older peoples' housing 	<ul style="list-style-type: none"> ▪ There may not be enough 'effective demand' from the market to purchase the properties released into the market once their owners have moved ▪ May be difficult to encourage people to move due to social and financial barriers ▪ The increased scale of housing delivery across all of these tenures poses a risk that the construction industry on Jersey will struggle to meet the demands of this programme

	Anticipated Benefits	Challenges and Risks
GoJ provision of market rental accommodation	<ul style="list-style-type: none"> ▪ Offers an improved rental experience to market rental tenants ▪ Competes with market providers which may influence standards ▪ Provides a long-term revenue stream to GoJ and can play a role in cross-subsidy for social rental homes ▪ Play a role in creating sustainable mixed-tenure communities 	<ul style="list-style-type: none"> ▪ Upfront investment with return over a long timeframe ▪ Often not as effective as outright sale or shared ownership for cross-subsidy ▪ Exposes GoJ to rental market risk ▪ The increased scale of housing delivery across all of these tenures poses a risk that the construction industry on Jersey will struggle to meet the demands of this programme

5.6.12. Cost Implications

5.6.13. The cost implications of this policy are explored as part of Policy Intervention S2 - *Government borrowing and cross-subsidy to fund additional supply.*

5.6.14. Policy Interactions

5.6.15. This policy intervention is closely linked to the other supply-orientated policy interventions and well as those interventions which seek to reform the rental sector.

5.6.16. The strategy for the build programme will be determined through:

- S1 – *Estate strategy and Strategic alignment of GoJ delivery bodies:* An overarching strategy will support effective GoJ housing delivery, ensuring that the objectives of the GoJ are aligned with outputs delivered by delivery agents

5.6.17. To build new supply, GoJ Delivery agents require funding delivered through:

- S2 - *Government borrowing and cross-subsidy to fund additional new housing supply:* The GoJ will need to borrow to enable its expanded housing delivery programme. The programme may be facilitated by using market products to subsidise affordable housing delivery, this may include cross-subsidy across different GoJ backed organisations.

5.6.18. Delivery agents will also require land for their build programmes. Land may be acquired on the open market through:

- S3 – *The use of Compulsory Purchase powers for both site-assembly and to discourage ‘land banking’:* GoJ may use CP powers to acquire land to be developed by its delivery agents
- P1 - *Rezoning of land for specific residential classes:* Land that is rezoned according to needs group and may be developed by the GoJ as part of its expanded build programme

5.6.19. The policy may enable other policy interventions, namely:

- S5 - *Encouraging ‘rightsizing’ to improve the availability of family-sized accommodation:* GoJ provision of retirement housing for older people may

encourage older under occupiers to move from their under occupied homes to more suitable, and easily managed accommodation. This in turn releases these under occupied homes into the market for families to buy.

- *R3 - Reform social housing allocations policy (expanding the current Gateway):* Access to social housing is in part dependent on the supply of available housing, so this policy would help ensure any expanded access to the Gateway is met with an increased number of homes
- *R4 – Strong support for reform of social rent setting:* Any changes to revenue models for social housing providers will impact social housing providers' ability to fund their current and future programmes, including capital build programmes. This impact on the level of finance required may be offset by changes to the scale of build for market-rate tenures.

5.7. S5 - Encouraging 'rightsizing' to improve the availability of family-sized accommodation

5.7.1. **Policy Recommendation: A GoJ delivered personal support and advice service for 'rightsizers' should be introduced.**

5.7.2. Context and Drivers

5.7.3. Jersey has significant under occupation in all tenures of its housing stock, with about a quarter of all households under occupying by two or more bedrooms in 2011. It is most prevalent amongst owner-occupiers, 42% of which under occupy by at least two bedrooms. This is an inefficient use of limited housing stock. The issue is compounded by barriers to moving to smaller properties and unsuitable 'right-sizing' options.

5.7.4. Moving home can be one of the most stressful experiences in a person's life. Resourcing personal support and advice throughout the moving process can remove psychological barriers to moving for those who are deterred from 'rightsizing' by the prospect of the upheaval and stress of moving home.

5.7.5. Taking a personalised approach can result in increased downsizing moves by helping to reduce the anxiety that many older people feel about moving home. The experience of some social housing providers in the UK suggests that the offer of personalised support can be more effective than cash incentives for down-sizers in social housing. In some English local authorities that have implemented similar measures, each specialist post facilitates over 50 moves per year.

5.7.6. Policy Description

5.7.7. This policy consists of including a 'right-sizing support service'. This service could be delivered or signposted through the new Housing Options Service, which is being developed in 2020. Facilitating moves can be resource-intensive and therefore it is recommended that dedicated resource is used to deliver this service (specialist allocations/housing officers to deliver a personalised service).

5.7.8. The 'Right-sizing Officer(s)' provides practical support to under occupiers by taking the time to meet in person, understand the needs and aspirations of the under occupying owner (and tenant if relevant), and supporting them with finding alternative suitable properties, arranging removals and offering advice on updating address details with banks and utility companies, for example.

5.7.9. Policy Objectives and Benefits

5.7.10. The objective of the policy is to increase the number of 'rightsized' moves amongst under occupying owner-occupiers, that bring larger homes onto the market, improving the availability of family-sized accommodation, and (over the longer-term) achieve a more efficient use of existing housing on the Island.

5.7.11. Based on the experience of local authorities and housing associations in England, depending on the implementation, Jersey could expect between 25-50 family-sized homes to be 'released' per annum

5.7.12. There are three main benefits of the policy:

- Finding older people more suitable accommodation can result in better housing and health-related outcomes
- Release existing family-sized homes on to the market, reducing cost pressures on existing and new supply on the market – leading to potentially less new supply being required
- Could stimulate demand for specialised housing for older people

5.7.13. Cost implications

5.7.14. It is assumed that initially, no more than one dedicated officer would be required (potentially less) depending on the exact scope of the service. This would represent the only cost implications of this policy.

5.7.15. Challenges

5.7.16. Potential challenges to achieving the objectives of this of the policy include:

- Could be politically unpopular - viewed as redirecting funding for people who may have benefitted already from the uplift in the housing market
- Would represent a cost to the GoJ that would not be recouped
- Does not directly contribute to more suitable housing for older people
- Partly reliant on the new supply of suitable and attractive accommodation for older people

5.7.17. Policy interactions

5.7.18. This policy intervention is closely linked to one other policy intervention in the package, as it assumes housing options are delivered by:

- *S4 - Delivery of new homes across a range of tenures and need groups:* The objective to facilitate right-sizing may not be achieved without sufficient attractive alternative options for older people, which are currently insufficient in the market.

6 | Planning Measures to Facilitate New Supply and Affordability

6.1. Overview

6.1.1. The package includes three key planning measures which are designed to facilitate the delivery of a Government-led development programme, require a contribution to affordable housing numbers from private developers, and enable residents to make better use of existing residential assets through conversion into multiple dwellings.

6.1.2. The planning measures included within this policy package are:

P1 - Rezoning of land for specific residential classes

P2 - Encourage conversion of large residential dwellings into multiple homes

P3 - Affordable Housing Contribution

6.1.3. This section provides policy recommendations for each of these policy interventions.

6.2. P1 - Rezoning of Land for Specific Residential Classes

6.2.1. Policy Recommendation: Planning policy, including the 2021 Island Plan, should use expanded rezoning as a tool to help enable the delivery of priority housing tenures.

6.2.2. Context and Drivers

6.2.3. The States Assembly already rezones land for housing through the Island Plan. In the revised 2011 Island Plan polices H1, H2 and H5 zoned land for affordable housing with 18.8 acres across four sites being rezoned. The target mix for the sites was 20% affordable ownership and 80% affordable rent. Re-zoning of sites in the Revised 2011 Island Plan was done as a specific response to the cancelled implementation of Policy H3, which would instead have seen affordable housing delivered as a planning obligation on private sites.

6.2.4. Previous Island Plans in Jersey have generally focused on increasing supply through conversions, redevelopment and infill development within the Built-up Area and through provision of new homes on brownfield land. This means new development has been concentrated in and around established centres, such as St Helier, the Island's commercial centre and home to a third of Jersey's population. Over time, the town centre has seen continued population and economic growth, and as a result overspill has occurred beyond the boundaries of the parish into the parishes of St Saviour and St Clement.

6.2.5. As a result of these pressures, in developing the 2021 Island Plan, GoJ has consulted Jersey residents on a number of re-zoning options, including:

- expanding St Helier
- expanding other built up areas
- creating a new settlement or significantly expanding an existing settlement
- expanding development into the countryside.

6.2.6. The rezoning policy could be applied to any of the above approaches. Other options for housing delivery outlined in the Island Plan consultation documents include increasing density in St. Helier and/or other build up areas. The HPDB were generally in favour of increasing density where appropriate.

6.2.7. Policy Description

6.2.8. Re-zoning for affordable housing will see the States Assembly re-allocate parcels of land in the 2021 – 2030 Island Plan for future development of housing for specified residential classes; in particular this is likely to be affordable housing and housing for older people.

6.2.9. This policy proposal does not specify where rezoned land should be located (which could include existing residential or commercial developed land, as well as 'green field sites'), or the detailed requirements by which rezoned land must be developed. Instead, location, size and requirements for rezoned land will all be considered by the Island Plan Review Team during the Island Plan development process.

6.2.10. The strategic objectives for rezoning should be confirmed in the new Island Plan. If required, the Plan should establish new housing categories. Jersey currently has two ‘categories’ of housing for planning purposes.

- ‘Category A - Affordable Housing’ includes homes for social rent and purchase, provided to specified eligible households whose needs are not met by the commercial housing market.
- ‘Category B - Market housing’ includes all other forms of private sector housing

6.2.11. To ensure re-zoning policy is reflective of Jersey’s wider housing policy objectives, GoJ should determine if the above two categories are sufficient for allocating development restrictions to sites, or if Category B should be split further to meet other housing policy objectives, for example using the already defined sub-categories of ‘Housing with special requirements’ or ‘Registered Lodging Accommodation’.

6.2.12. Recommended Action: The GoJ should ensure that zoning categories are aligned with requirements for the rezoning policy recommendation, including zoning for particular need groups.

6.2.13. These categories, with comprehensive definitions, should be outlined clearly in the 2021-2030 Island Plan. Options for consideration include:

6.2.14. *Option 1: Maintain existing housing categories*

6.2.15. This option would see the housing categories included in the 2011 Island Plan (‘the status quo’) continue for use in planning requirements for rezoned sites:

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Already understood by the market ▪ Clearly outlines a definition of affordable housing as that being owned or managed by affordable housing providers ▪ Includes provisions to maintain affordability in perpetuity 	<ul style="list-style-type: none"> ▪ Category B is wide-ranging, and at present would not allow planning to enforce restrictions on new housing on rezoned for new sheltered or non-qualified properties, or other specialist, market-rate housing

6.2.16. *Option 2: Split Category B into two or more categories*

6.2.17. These categories may include ‘Housing for Older People’ and/or ‘Non-Qualified Housing’ in addition to ‘All-other forms of market housing’ to respond to ageing population or two-tier housing market objectives.¹¹

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Specifies planning obligations in alignment for GoJ policy for new supply 	<ul style="list-style-type: none"> ▪ Represents a status-quo change, and therefore may involve some push-back from developers

¹¹ See paper provided to the HPDB in December 2019 on two-tier housing markets

<ul style="list-style-type: none"> ▪ Helps GoJ address supply gaps currently provided by market activity ▪ Maintains existing definition of affordable housing 	<ul style="list-style-type: none"> ▪ May over-specify types of development, leading to viability challenges
--	--

6.2.18. Policy Objectives and Benefits

6.2.19. The primary goal of the policy is to make land available for development of types of housing, where need is not currently being met by development within existing zones. There are two main benefits of the policy are:

- New land will be made available for increasing housing supply - Re-zoning of 0.10% - 1.35% of the Island would be equivalent to 30-400 acres, which at previous density levels could deliver 1,650 – 25,600 habitable rooms, or c. 500 – 7,900 new homes.
- The GoJ can specify through re-zoning the types of housing to be delivered, and therefore address supply gaps for certain groups whose housing needs are not currently addressed in the market.

6.2.20. The following table presents some potential supply delivery figures, based on the proportion of the total island area¹².

Table 7: Indicative Supply Delivery from Re-zoning

Proportion of Island	Rezoned Area	Habitable Rooms	New Homes
0.10%	30 acres	1,650 – 2,000	500 – 600
0.25%	75 acres	4,200 – 4,800	1,300 – 1,500
0.50%	150 acres	8,400 – 9,600	2,600 – 3,000
1.00%	295 acres	16,500 – 18,900	5,100 – 5,850
1.35%	400 acres	22,400 – 25,600	6,900 – 7,900

6.2.21. Cost Implications

6.2.22. The policy is already being considered as part of the Island Plan consultation and development process, and so would not have an additional estimated staff cost for development of the policy. Ongoing administration costs would be low as Development Control already monitors and enforces sites to be developed out in line with Housing Category planning obligations.

6.2.23. Challenges

¹² Rezoning is one of a number of ways of seeking land for development. As such, not all land used to support the new supply ambitions within this report need be identified through rezoning.

6.2.24. Potential challenges to achieving the objectives of this of the policy include:

- There may not be capacity in the building industry to deliver on rezoned sites, even if these sites are made available for development.
- If rezoned sites are seen as 'easier' to develop, these areas may be prioritised over redevelopment or infill sites. As a result, land in Jersey may not be used as efficiently as possible.
- There will likely be considerable public and political opposition to re-zoning of any green field sites that are currently situated outside of existing developed areas.
- If rezoning existing developed land, there may be significantly higher land values and therefore, potential viability issues.
- Since this policy may increase housing supply on land that is currently open, the GoJ will need to consider the impact of this new housing on infrastructure and services, and the resulting funding implications.

6.2.25. Policy Interactions

6.2.26. This policy intervention is closely linked to other policy intervention in the package. These interactions are outlined below.

- *S1 – Estate strategy and Strategic alignment of GoJ delivery bodies:* The GoJ's delivery agents could develop on rezoned land (both land currently held in the public sector, or land acquired from other landowners). Any resulting estate strategy would more clearly set out how rezoned land owned by GoJ would be used for the development of housing, infrastructure and services and how the government estate would be used to meet housing objectives. This would provide certainty to affordable housing developers about how they will access government-owned land rezoned for affordable housing. As a result, they may be able to accelerate delivery if they understand they may not need to compete with other developers for certain sites.
- *S3 - The use of Compulsory Purchase powers for both site-assembly and to discourage 'land banking':* as outlined in policy challenges, re-zoning policy does not mean landowners must sell their land for new development, although in developing the Island Plan the site identification process does seek to focus rezoning on sites where there is a willingness for them to be redeveloped. However, were land not to be made available voluntarily the GoJ could utilise existing CP powers to ensure land is developed in situations where a landowner refuses to sell land that may otherwise be utilised for much-needed housing

6.3. P2 - Encourage Conversion of Large Residential Dwellings into Multiple Homes

6.3.1. Policy Recommendation: Planning policy, including the 2021 Island Plan, should encourage the conversion of large residential homes into multiple homes.

6.3.2. Context and Drivers

6.3.3. There is a high level of under occupation in Jersey (in 2011 42% of owner occupiers under occupied by more than two bedrooms). Therefore, better use could be made of the existing built environment through enabling larger properties to be converted into two smaller homes.

6.3.4. Jersey has limited space for development, and existing development is at a relatively low density. This policy would create the opportunity to increase the density of existing residential areas, in an unobtrusive way through converting homes, rather than replacing them.

6.3.5. At the moment there are some restrictions, specifically in relation to green zone and coastal national park areas, on the conversion of larger existing properties on the Island (for example converting a multi-storey property into several flats or creating an annex with a separate entrance).

6.3.6. Policy Description

6.3.7. This policy seeks to enable small scale residential conversion across the Island, including in rural locations, through reform of planning regulation, so as to enable existing homes to be repurposed to better suit the needs of their occupants and create additional supply of housing in Jersey.

6.3.8. The reform would mean that the presumption would be in favour of consent for such conversions, however, this would not go as far as introducing permitted development, so there would still be control over the scale of conversions, and ensuring they were appropriately situated.

6.3.9. To implement this policy, the planning framework in the Island Plan would need to reflect the desire to encourage conversions, and what would be considered when making a decision (for example, local character, density of the area, housing need on the Island).

6.3.10. Homeowners would then be able to apply to convert their properties and manage the conversion as with any other planning application.

6.3.11. Policy Objectives and Benefits

6.3.12. The objective of this policy is to enable existing housing stock to be more densely occupied by converting existing large homes, into a number of smaller homes.

6.3.13. This will increase the overall supply of housing on the Island and may also have the ancillary benefit of allowing the creation of multi-generational housing, and housing suited to the needs of older people.

6.3.14. There are three main benefits of the policy:

- The delivery of new housing supply

- Allowing individuals, the flexibility to adapt their homes to meet their needs, and the needs of their families
- Potential for a rebalancing of existing stock away from larger to smaller homes

6.3.15. Cost Implications

6.3.16. There may be a financial cost to GoJ in the form of resourcing to service an increased number of planning applications and building control assessments.

6.3.17. Challenges

6.3.18. Some of the challenges to this policy could be:

- Ensuring that services and infrastructure are able to absorb any increases in density caused by the conversion of residential conversion
- Will likely produce a relatively small amount of supply
- May be local opposition to conversions, particularly where these are viewed as disruptive by neighbours
- May be difficult to ensure the quality of conversions compared to large scale new build development

6.3.19. Policy Interactions

6.3.20. This policy intervention does not interact with other policy interventions in the package to deliver its objectives, but it is strategically aligned with:

- *S5 - Encouraging 'right-sizing' to improve the availability of family-sized accommodation*: both policies provide 'rightsizers' with a range of options

6.5. P3 - Affordable Housing Contribution

6.5.1. Policy Recommendation: Planning policy, including the 2021 Island Plan, should introduce an Affordable Housing Contribution to mandate a minimum proportion of new supply as affordable.

6.5.2. Context and Drivers

6.5.3. The 2011 Island Plan proposed the introduction of an Affordable Housing Contribution (known as policy H3), but it was not implemented as a result of developer viability concerns expressed during the consultation period. As a result, the Revised Island Plan 2011 rezoned additional land for affordable housing to create the supply of homes that would otherwise have been met through developer contributions.

6.5.4. The policy is used in the UK and is known as Section 106 (s106). In 2017/18 22,000 nil grant s106 affordable homes were delivered, which is equivalent to 10% of all new homes built or 47% of all new affordable homes built.

6.5.5. Research into the efficacy of the policy for use in Jersey has already been completed as part of the options considered in advance of the 2011 Island Plan¹³. Macdonald's report specifies that the policy could work in practice as:

- Jersey has legislation which allows an owner of an interest in land to enter into an obligation to restrict development or to require it to be used in a specified way
- GoJ guidance on planning agreements sets out a range of uses to which a planning agreement may have obligations attached to it

6.5.6. Policy Description

6.5.7. When market housing is delivered, this policy is to introduce a planning requirement that a proportion of the housing is sold as affordable. This policy would ensure that where new housing is delivered, outside of areas that have been recently rezoned, a minimum proportion is delivered for 'Category A - Affordable Housing'.

6.5.8. This affordable housing may then be sold onto an appropriate affordable housing provider (i.e. Andium or the housing trusts) who will retain the home as affordable, either as a rented or intermediate homeownership product.

6.5.9. Key areas that the GoJ will need to determine include:

- The size or scale of development to which the Contribution will be applied
 - The 2011 Island Plan specifies that due to the numbers of small sites to be delivered over the plan period, the policy should apply to all sites of two or more homes. The Island Plan determined that the threshold would initially be for sites of six or more homes in the first year of its operation, incrementally reducing over time with the threshold decreasing to include sites with a capacity of two or more homes after year five.
- The proportion of affordable housing to be sought on those sites where it is

¹³ MacDonald, K. 'Achieving Affordable Housing as a Proportion of Private Housing Development Final Report', (2009)

applicable

- The percentage of affordable homes will need to be carefully balanced to ensure that the policy can result in a worthwhile amount of affordable housing, whilst not deterring landowners or developers from developing housing. The 2011 Island Plan suggested an initial contribution of 12.5% rising over 5 years to 20%, with the percentage of affordable housing rounded up to the nearest unit.
- The requirements for enforcement (time limitations, assurances that homes delivered are of a high quality, etc)
 - The policy will also need to specify a mechanism by which developers undergo a viability assessment with GoJ to determine the final contributions. Developments with a limited capacity to deliver the affordable housing contribution in homes may be made in the form of a commuted sum payment to enable the delivery of affordable homes elsewhere.

6.5.10. Recommended Action: The GoJ should revisit previous feasibility assessments for an Affordable Housing Contribution with updated assumptions.

6.5.11. *Enforcing the Policy*

6.5.12. Planning permission will likely be contingent on the outcome of a viability appraisal process, e.g. the number of affordable homes that will be delivered on the site. GoJ Development Control will then consider these site-specific requirements in addition to standard planning rules when making planning decisions.

6.5.13. As specified in the rezoned housing policy, GoJ will ensure there is an enforcement mechanism in place to ensure that affordable properties are sold to appropriate organisations to manage and maintain them e.g. affordable housing providers. Since all property transactions are subject to legal approval in Jersey, such checks may be easily introduced to these processes.

6.5.14. Policy Objectives and Benefits

6.5.15. The objective of this policy is to capture some of the land value created by residential housing development to benefit the wider Jersey community through the provision of affordable housing.

6.5.16. In addition, the policy seeks to ensure, regardless of how a site is zoned, that all housing developments above an agreed threshold in Jersey contribute towards affordable housing development to address Jersey's affordability challenges.

6.5.17. This policy is unlikely to deliver additional housing on its own, but rather it is intended to deliver a greater proportion of affordable housing. Based on assumed private sector delivery numbers (circa. 2,400 over 10 years) and with a similar percentage contribution as intended for the former H3 policy (12.5% - 20% over 5 years), this policy could result in 400 more affordable housing units (in place of non-affordable housing).

6.5.18. There are four main benefits of the policy:

- New affordable housing supply provided by private market developers and maintained in perpetuity by affordable housing providers

- New supply enables the creation of mixed-income communities
- Some of the value of land is 'captured' for the delivery of affordable housing which benefits the wider community
- Private sector delivery meets the range of housing need on the Island

6.5.19. Cost Implications

6.5.20. The policy will likely require some staff and administration costs, particularly relating to planning viability assessments, however, the capital costs of the programme would be nil. Ongoing administration costs would be low as Development Control already monitors and enforces sites to be developed in line with Housing Category planning obligations.

6.5.21. Challenges

6.5.22. Some of the challenges to this policy could be:

- That where land prices are high and the viability of residential development is marginal, or developers have purchased the land prior to the requirement being adopted, it could lead to viability issues meaning development is not brought forward
- Due to viability challenges, the policy may not deliver any new affordable supply
- Previously implementing this policy has been blocked by the development sector on the Island lobbying against the measure, which may create political challenges for GoJ
- Additional planning resources may be required to analyse and agree the level of contributions
- Planning gain works best in a buoyant market - in a downturn, affordable housing delivery through planning gain may be reduced as it is reliant on private residential development being brought forward

6.5.23. Policy Interactions

6.5.24. This policy intervention does not interact with other policy interventions in the package to deliver its objectives.

7 | Policies to Improve Affordability, Access and Quality in the Rented Sectors

7.1. Overview

7.1.1. The ‘improving the rental experience’ policy measures aim to help address the objectives of the HPDB in improving quality and affordability of rented accommodation and increasing access to affordable housing on the Island.

7.1.2. The ‘improving the rental experience’ policy interventions in this policy package can be broadly split along tenure lines, into those primarily designed to benefit market rented tenants (which also have indirect effects on social tenants), and those designed to improve access and affordability to the social sector.

7.1.3. The ‘improving rights’ policy measures that intervene in the market rented sector are:

- R1 - Utilising GoJ legislation to improve security of tenure and tenant rights
- R2 - Rent stabilisation

7.1.4. The ‘improving rights’ policy measures that intervene in the social rented sector are:

- R3 - Reform social housing allocations policy (expanding the current Gateway)
- R4 - [Strong support for reform of social rent setting](#)

7.2. R1 - Utilising GoJ Legislation to Improve Security of Tenure and Tenant Rights

7.2.1. Policy Recommendation: Security of tenure and tenants' rights should be enhanced by reviewing, amending or creating new legislation and enforcing changes made through a resourced programme.

7.2.2. Context and Drivers

7.2.3. In Jersey rental leases are governed by the Residential Tenancy Law 2011 (RTL). The RTL provides for leases of up to 9 years and periodic tenancies can be created as part of the law. Among other requirements, the RTL introduced fixed notice periods of three months for the landlord, and one month for the tenant, although these do not apply to fixed term tenancies of less than five years. The tenancy must also specify the rent review date, and the basis of the review. If a lease is for more than nine years it is a contract lease, and requires registration in the Royal Court of Jersey, and stamp duty is payable by the tenant.

7.2.4. While the RTL introduced notice periods for periodic tenancies, these are not in place for fixed term tenancies, creating an incentive for landlords to let using shorter fixed term leases. This increases the power of the landlord relative to the tenant, as at the end of the fixed term, they are able to demand a higher rent to issue a new lease or may refuse to issue a lease where the tenant has complained about the property condition.

7.2.5. Scotland implemented a similar model in December 2017, with important differences. The tenancy (called the 'private residential tenancy') contains the following provisions:

- It is open-ended, which means a landlord will no longer be able to ask a tenant to leave simply because the fixed term has ended
- It provides more predictable rents and protection for tenants against excessive rent increases
- It includes the ability to introduce local rent caps for rent pressure areas
- It provides comprehensive and robust grounds for repossession that will allow landlords to regain possession in 18 specified circumstances

7.2.6. Policy Description

7.2.7. This policy intervention acknowledges that the rental tenure should be an attractive alternative to owner occupation and that the 'lived experience' for tenants should be comparable to that of owner occupation. This policy intervention consists of:

- *Tenancy Terms* - Strengthening current legislation to create different leases with no fixed end date as standard and/or extending the current requirements of three months for the landlord, and one month for the tenant to tenancies of less than 5-years.
Tenancies with no fixed end date can only be ended by the tenant, or if the landlord has reasonable grounds (which should be clearly set out). This measure could in effect end 'no fault' evictions and means the presumption is in favour of the tenant that the tenancy will continue.
- *Security of Tenure* - Strengthening current legislation to specify when landlords may or may not evict tenants, in effect ending no-fault evictions

which increases stability for tenants and reduces the need for costly unplanned moves – matched with robust grounds for repossession that will allow landlords to regain possession

- *Tenants' Rights* - Codifying best practice tenancy standards and responsibilities to landlords and tenants in legislation to promote greater tenants' rights, e.g. by enabling tenants to redecorate properties and keep pets, which would improve the lived experience of those living in rental homes. The GoJ may also wish to consider if the RTL is the appropriate law to make such provisions.

7.2.8. Policy Objectives and Benefits

7.2.9. The primary goal of the policy is to enact or amend legislation to make renting in Jersey a better experience, to ensure that the lived experience is not compromised by a decision to enter or remain in the rental tenure as opposed to owner occupation.

7.2.10. There are two main benefits of the policy:

- It improves the rental experience for tenants, and ensures affordability is not driven at the cost of rental insecurity or low-quality rental experience
- It contains provisions which provide greater certainty to landlords on rental income, and thereby potentially reduces voids

7.2.11. Cost implications

7.2.12. The main cost implications of the policy are:

- Legal costs of reviewing and amending current legislation, and consultancy costs to engage the market and individuals on the potential outcomes of new legislation
- Administrative resource of registration and/or ongoing enforcement. For example, it may require a team of individuals (c. 2-3 FTE) within GoJ to actively register landlords (if the option is pursued), investigate complaints, and enforce the law
- A loss of stamp duty payable on longer leases

7.2.13. Challenges

7.2.14. Some of the challenges to this policy could be:

- If enforced without rent stabilisation policy, landlords may use rent increases to force tenants to leave
- Less flexibility for landlords may mean they are unwilling to let their property and reduce supply on the market
- May reduce mortgage availability for buy-to-let landlords as mortgage providers want to be able to recover the asset quickly. As a result, this may reduce private rented supply
- May not be sufficient tenant demand or ability to commit for longer tenancies
- There may be sectors where there is a need for short-term tenancies to ensure the sector works properly (for example with seasonal workers), which requires legislation to consider these exceptions
- Potential resistance from letting agents if they have fewer opportunities to charge fees as a result of any legislative changes (we understand that there is a separate project to regulate letting agent fees already planned for 2020.

7.2.15. Policy interactions

7.2.16. This policy intervention is closely linked to one other policy intervention in the package.

7.2.17. To ensure improved tenancy rights are not met with increased cost of rental housing, the GoJ will need to implement: *R2 - Rent stabilisation*: The policy works to ensure landlords may not use rental increases as a means to force tenants from their tenancy protections guaranteed by '*R1 – Utilising GoJ legislation to enhance security of tenure and tenants' rights*'.

7.2.18. For this reason, it is important that these policies are considered together during further policy development.

7.3. R2 - Rent Stabilisation

7.3.1. Policy Recommendation: Rent stabilisation legislation and a Rent Commission or Board to monitor and decide on annual rent increases should be introduced.

7.3.2. Context and Drivers

7.3.3. Currently, 43% of people in Jersey rent their home from private and social landlords. Jersey's rental market is predominantly comprised of private landlords, letting to both qualified and unqualified tenants, who make up approximately 70% of the rental market. Social landlords, namely Andium, the housing trusts, and parishes, comprise the remaining 30%¹⁴.

7.3.4. Compared to other tenures in Jersey, rental tenures are characterised by high absolute housing costs. Rent for qualified individuals is the most expensive tenure and rent for non-qualified individuals is the third most expensive, as detailed in Appendix 4. Qualified renters have the highest absolute housing costs at a median of £910 per month. Non-qualified renters have lower housing costs but, also having lower net household incomes, a significant proportion of their household income (25%), is still spent on housing.

7.3.5. There is precedent for rent stabilisation in Jersey through tenancy agreements between landlords and tenants. Data on the number of tenancies subject to rent stabilisation is currently unknown, however Citizens Advice Jersey advises that most leases contain clauses which propose that annual private rent increases are normally aligned to the annual change in the Retail Price Index (RPI), since they are aligned to the Jersey Model Residential Tenancy agreement, which states at Clause 5:4:

7.3.6. 'The Landlord may review the rent payable on the first anniversary of the start of the Tenancy and each anniversary of that date thereafter. In the event that the landlord proposes to increase the rent payable by the Tenant, the increase shall not exceed the percentage change in the Jersey Retail Price Index (if any) since the date of the agreement or, as the case may be, the last review'.

7.3.7. Whilst use of such a clause in tenancy agreements can provide stability and certainty to renters during their tenancy, it does not prevent rents rising significantly between tenancies. A comparison of RPI and the Rental Price Index (using advertised rental prices) shows that whilst RPI has increased by 47% between 2005 and 2019, rents have increased by 91% over the same period.

7.3.8. Policy Description

7.3.9. Rent stabilisation limits how much a rent can be increased by restricting increases in rents to a defined rate, rather than define rents in absolute terms, as forms of rent caps seek to do. Clause 5:4 of the Jersey Model Residential Tenancy agreement is an example of a non-mandatory rent stabilisation policy.

7.3.10. This policy intervention recommends a simple mandatory system that legislates that rents should be stabilised in line with an inflation metric, such as

¹⁴ Households and dwellings statistics from 2011 Census, Statistics Jersey

Jersey's Retail Price Index (RPI) or similar. In similarly small and homogenous rental markets, like San Francisco, rent stabilisation rates are also tied to cost of living indexes.

7.3.11. To develop the policy and supporting legislation, several steps should be undertaken. These include:

- Further Research on key policy areas
- Legislative Process
- Establishing a Rent Commission / Board

7.3.12. *Further research on key policy areas*

7.3.13. As most tenancies already limit in-tenancy increases to RPI, the GoJ should consider using this as the metric for increases to be introduced as a mandatory limit.

7.3.14. This rental growth should be a choice for landlords, not a requirement, to avoid rental growth that is not planned to occur – although if increased, it should not exceed this limit (RPI). Having this choice may mean that when the annual RPI change is negative, rents would not have to decrease, and thereby in effect, increase. This issue should be considered further as part of the detailed policy development.

7.3.15. The Board recommends that rent stabilisation should apply both between and during tenancies. This helps ensure market-wide stability, as without it the market could inflate rents between tenancies (as the evidence referred to above demonstrates).

7.3.16. During further development of this policy, the GoJ may wish to consider allowing rent increases between tenancies to have more flexibility, for example, a percentage increase of between RPI plus 0.5-2.0%.

7.3.17. In order to simplify its application, it is recommended that landlords are only entitled to raise rents once a year, either during a tenancy or between two tenancies.

7.3.18. Rent stabilisation policies tend to include a number of exceptions to protect landlords, and so these should be considered so as not to disincentivise landlords from providing much-needed private rental housing, or from maintaining this housing. These may include temporary exceptions to rent stabilisation / broader rent review, if changes to the property or its costs have been made (i.e. major renovations or increases in property taxes to the landlord).

7.3.19. *Legislation*

7.3.20. This policy recommendation assumes that rent stabilisation will be introduced into legislation designed to apply to all private sector tenancies including qualified rental homes and registered rental homes that are let via a tenancy agreement.

Rent Commission / Board

- 7.3.21. To monitor this policy, the GoJ should establish a Rent Commission / Board that provides a body for tenants to challenge rental increases and has power to enforce landlords to adhere to rent stabilisation. It may also engage with wider stakeholders on stabilisation measures.
- 7.3.22. This is the least resource-intensive method of monitoring rent stabilisation. It avoids the GoJ having to collect and manage rental data annually and empowers the tenants who are financially incentivised to monitor their rent. Similar Rent Commissions / Boards are integral elements of numerous rent stabilisation policies internationally, such as those found in the Netherlands and Ireland.
- 7.3.23. The Rent Commission / Board should also have procedures to assess the exceptions for improvement works.
- 7.3.24. Policy Objectives and Benefits
- 7.3.25. The policy intervention aims to improve the affordability of renting in the private market (without significantly impacting the attractiveness of the sector for landlords and developers) by preventing large and unmanageable rent increases to tenants and providing a greater degree of cost certainty to tenants.
- 7.3.26. By stabilising market rents, this policy intervention also impacts other rented tenures which are pegged to the market rate (such as Jersey's social rented tenure).
- 7.3.27. Cost implications
- 7.3.28. Income Support costs for tenants may increase less than they would have otherwise, thereby generating a saving for the GoJ over the longer-term.
- 7.3.29. Challenges
- 7.3.30. By potentially making it less attractive for landlords to let accommodation, rent stabilisation could encourage landlords to sell, thereby bringing greater supply of homes for owner occupation on the market. However, this could exacerbate the shortage of rental accommodation.
- 7.3.31. The quality of rental properties could decrease as landlords are disincentivised from investing in their properties. Hence, it is crucial that the rent stabilisation is moderate to retain a reasonable return for landlords. Property quality standards and having policy exceptions for improvement works also positively mitigates this risk.
- 7.3.32. A significant risk is that rental growth becomes the norm and, therefore, rent increases could occur, where historically landlords have not uplifted rental values.
- 7.3.33. Policy Interactions
- 7.3.34. The policy intervention ensures that other rental policy interventions do not have adverse effects on affordability. It works in parallel with:
- *R1 - Utilising GoJ legislation to improve security of tenure and tenant rights:* Tenancy security is necessary for rent stabilisation policy to be effective, since

it ensures tenants benefit from annual rent settlement within their tenancy. If tenants are forced out of their tenancy, they may not benefit from rent stabilisation. It also benefits landlords, who will see rent stabilised at a predictable rate, and who will benefit from greater certainty that longer tenancies will reduce void-related rental loss.

7.3.35. It must also be considered alongside the other rent setting intervention:

- *R4 – Strong support for reform of social rent setting:* which proposes that *there is a strong case for social rent reform but acknowledges the importance of doing so on a sustainable basis*. If social rent continues to be pegged to market rents, any suppression of market rents that might be affected by policy R2, will also affect social rents.

7.4. R3 - Reform Social Housing Allocations Policy

7.4.1. Policy Recommendation: 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.

7.4.2. Context and Drivers

7.4.3. The GoJ's Gateway currently manages access to social rental housing. This largely renders ineligible:

- People aged under 50 who do not have dependent children;
- Households with an income above £40,000 per year; and
- Anyone who does not have 'entitled' status (residency on the Island for a period of at least 10 years).

The Gateway therefore excludes people who may not otherwise be sufficiently catered for by the private market.

7.4.4. In Spring 2019, (Housing Quality Network) HQN was commissioned by the Department for Strategic Policy, Performance and Population of the Government of Jersey to undertake an end-to-end review of the social housing allocations and lettings system.

7.4.5. The report 'Review of access to social housing in Jersey', makes clear recommendations for 'widening of the eligibility criteria [for social housing], subject to further research and development, by:

- (i) including single people between 25 and 49 years of age and on low incomes; and
- (ii) updating and modifying the household income criterion.'

7.4.6. The report also recommends 'revising the banding system by introducing

- (i) three levels of housing need,
- (ii) a specific and discrete scheme for vulnerable households with care and support requirements, and
- (iii) a separate system for accessing low-cost home ownership.'

7.4.7. Whilst revising the banding system does not explicitly widen access to the Gateway, these policies will ensure those newly eligible households who enter the Gateway do so with appropriate regard to their housing need.

7.4.8. Policy Description

7.4.9. This policy intervention is about expanding the current Gateway to include more people whose needs are not adequately met by the private market. This is consistent with advice provided by Housing Quality Network (HQN) in their report provided to the Minister for Children and Housing in April 2019. The Minister has recently agreed to reform of the Gateway, namely by accepting HQN's recommendations to consider widening the access criteria for social housing.

7.4.10. The Minister for Children and Housing has noted that further work is required to consider the potential detail, scope and impact of policy changes. The two key activities to be undertaken before the policy may be applied in practice are to:

- Determine policy details, such as income levels; and
- Undertake an impact assessment of the policy

7.4.11. *Determining New Eligibility Model*

7.4.12. The design of the expanded eligibility criteria requires further development to determine appropriate age and income criteria, and how the income criterion should be regularly reviewed (as recommended in the HQN report).

7.4.13. In terms of considering an appropriate income criterion, the options available to the GoJ include:

- Increasing the absolute income threshold (e.g. from £40k to £60k). An absolute threshold set in such a way could then be updated in line with RPI or changes to average earnings
- Setting the income criterion in relation to median incomes, updating the income criterion periodically to reflect a percentage of median income (e.g. 125% of median household income)
- Adopting a broader set of means-tested criteria that takes assets / capital into account (e.g. using an adapted form of the Income Support formula to determine household means and set eligibility against a particular threshold)

7.4.14. This should be developed in more detail with consideration made to the level of increased demand for affordable housing (indicated by access to the Gateway) appropriate to planned new affordable housing supply, as indicated in Step 2. *Assessing Impact*

7.4.15. As the HQN review makes clear, extending the eligibility criteria for social housing has implications on the availability of social housing. If the number of households on the waiting list significantly increases without a similar level of increase in stock, the result will be a longer waiting time for applicants who are already eligible under current policies. As a result, a detailed impact assessment of expanding the Gateway eligibility criteria is required.

7.4.16. Separately to the recommendations made in this report, more than 1,000 new affordable homes – comprising social rented and assisted ownership homes – will be built by the end of 2020. With the additional homes to be created from the

policy interventions outlined in this policy package, there is existing merit for widening the eligibility criteria.

7.4.17. As a result, the GoJ should seek modelling on:

- The number of additional households who may be eligible for the Gateway under suggested revisions
- The number of additional affordable homes (with regard to demand for various affordable housing products) to be delivered according to timescales of the new Gateway policy

7.4.18. Policy Objectives and Benefits

7.4.19. This policy intervention is intended to improve access to social housing by increasing the beneficiary group for social housing on the Island.

7.4.20. Reforming the eligibility criteria of the Gateway extends the benefits of social housing to better serve those whose housing needs may not adequately be met by the private housing rental market (e.g. people aged under 50 who do not have dependent children, households with an income above £40,000 per year).

7.4.21. A reform that updates the income criteria could improve the perception of 'fairness' in the Gateway, given the opportunity to bring the income threshold up to date with the market.

7.4.22. Potential Challenges

7.4.23. This policy intervention will likely increase the number of households eligible for affordable housing and could increase waiting lists, at least in the short-term. Without an increase in the amount of affordable housing stock available, it could increase waiting times. This policy intervention should, therefore, not be implemented without the policy recommendations concerned with new supply.

7.4.24. Cost Implications

7.4.25. Financial costs (excluding the costs of the likely need to deliver new social housing, which are commented on elsewhere in this report) are likely to include costs of developing a new eligibility model and the impact assessment

7.4.26. Policy Interactions

7.4.27. To achieve its objectives, the policy is likely dependent on: *S4 - Delivery of new homes across a range of tenures and need groups*: GoJ expanded access to the Gateway depends on any expansion being met with an increased number of homes delivered for social rent and affordable homeownership

7.5. R4 – Strong support for reform of social rent setting

7.5.1. Policy Recommendation: 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.

7.5.2. Context and Drivers

7.5.3. Social rent in Jersey is set at an equivalent of no more than 90% of market rent. This is a high percentage of market rent when compared to social housing in other countries. Being set in relation to the market rent, the Jersey social rent does not consider household income and relative affordability, but instead relies upon an income support system take household income into account and bridge affordability gaps.

7.5.4. As covered in Appendix 4, social rent was the least affordable tenure (as measured by proportion of net household income spent on housing). It is important to note that this rental stress measure is less applicable to those in receipt of Income Support. However, while some in social housing will have their rent covered by Income Support in full, many social housing tenants do not receive Income Support and meet the cost of rent themselves.

7.5.5. Government funding for social rented housing is currently provided via a bond and the transfer of properties and sites for development, often at nil or very little cost. Andium and the housing trusts charge 'affordable' rent of up to 90% of the market equivalent, sufficient to service the capital and revenue costs of development and housing operations. This is in place of direct public subsidy in the form of grant for new housing delivery.

7.5.6. Policy Description

7.5.7. Reforming social rent setting, by adopting a model under which rents are reduced to either reflect average incomes or are set at a lower percentage of market rents (currently 90%), would both reduce the current rent roll and reduce the amount of Income Support paid to some social tenants.

7.5.8. If minded to reform social rents, the GoJ should explore the options presented to, and discussed, by the HPDB in the longlist stage of the development of this policy package. These options were as follows:

- Reduce the market rent equivalent (currently set at 90%)
- Calculate social rents according to a formula which considers the local property values, number of bedrooms, and other factors such as average incomes (similar to the UK's social / formula rent tenure)
- Set rents based on a percentage of median household incomes, considering the size of properties and potential variations between parishes.

7.5.9. To maintain investment in social housing this would require a shift from the current revenue subsidy model (that social housing rents are subsidised through Income Support), in favour of a capital subsidy model, with subsidy in the

development phase of social housing. This would require detailed assessment, but the concept is:

- Reduce social rents from 90% of market to a lower percentage, thereby saving the GoJ money on its Income Support expenditure
- Use the money saved from Income Support revenue expenditure to help fund capital subsidy for social housing development
- Identify additional funding sources for capital subsidy

7.5.10. This policy intervention therefore represents a fundamental change in how Government funds social housing in Jersey. This recommendation is to undertake a financial assessment of how the GoJ is able to fund the delivery of new housing supply in Jersey. We understand that this is the subject of a specific review with involvement of the Treasury and the Housing Minister.

7.5.11. Policy Objectives and Benefits

7.5.12. The primary objective of reforming social rent setting in Jersey is to improve affordability for tenants who do not receive Income Support and make it more likely for more social housing tenants who receive small amounts of income support to afford housing costs without relying on Income Support.

7.5.13. Additional benefits of the policy are:

- It could help prevent dependency by making it more likely for more social housing tenants to afford housing costs without relying on Income Support
- It creates clearer differentiation between the social and market rented tenures on the Island
- It aligns rent levels to the purpose of social housing in providing more genuinely affordable accommodation

Cost Implications

7.5.14. The financial cost to GoJ is potentially significant and depends heavily on how rents might be reformed, where the shortfall in income would be felt, the forecast impact on Income Support expenditure, and the political will to provide genuine capital subsidy for social housing. These areas should be the subject of a detailed impact assessment for any recommendations that emerge from the review currently being undertaken by officers.

7.5.15. Challenges

7.5.16. Some of the challenges to this policy are that it:

- Would reduce the rental income for Andium and the Housing Trusts
- It would only benefit those social housing tenants who are able to access social housing and do not receive Income Support, which may be seen as unfair or poorly targeted
- Requires a move to a capital subsidy model of social housing delivery (where the GoJ would provide a genuine subsidy for new housing supply, as opposed to low-cost borrowing that has been an important factor in deciding the current 90% of market rate rent setting policy)
- In the absence of additional capital subsidies, this may increase the cost of

borrowing to Andium

- If the GoJ bore the cost of the reduced income, it may lead to a reduction in States revenues that could result in reduced expenditure in other areas or increased taxation
- Would increase demand for social housing as this would be significantly lower cost than renting in the market

7.5.17. Policy Interactions

7.5.18. This policy is closely linked to two other policy interventions included in this package.

7.5.19. Any changes to social rents will impact:

- *S2 (Government borrowing and cross-subsidy to fund additional new housing supply)*: As stated above, as the current 90% of market rate reflects the level sufficient to service the capital and revenue costs of development and housing operations, any reduction in social rents would require an additional income or subsidy stream from the GoJ to service the debt which funds the current social housing development programme.

7.5.20. Social rent levels will be cyclically connected to market rents, impacting rental returns for affordable housing providers, through:

- *R2 (Rent stabilisation)*: proposes restrictions on increases to market rents. If the government chooses to continue to peg its social rents to the market rate, any suppression on market rents that might be affected by policy R2, will also affect social rents. If R2 is implemented, income projections for social rented housing will likely have to be revised.

8 | Recommendations

8.1.1. To administer the policy package, the Chief Minister should consider the following recommendations from the HPDB:

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 and JDC, 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.
 - 4a. 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.
 - 4b. 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.
 - 4c. 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.

Appendix 1 | Altair's Work to Support the HPDB

Overview

Altair was appointed by the Department for Strategic Policy, Performance and Population in April 2019 to support the activities of the Board. Throughout the Board programme, Altair acted as the external housing specialist to:

- Assist the work and activities of the Board
- Undertake research (primary and secondary; identification and liaison with expert witnesses)
- Scope policy, delivery and financing recommendations
- Prepare final reports

Approach

To achieve the objectives set out above, Altair employed a three-staged approach to the research and policy development, beginning with an in-depth review of the current housing market and its relevant policies, legislation and challenges and concluding with the presentation of suggested and recommended policy interventions as part of a coherent policy package to be administered by the GoJ.

At all stages, Altair reported key information and findings as board papers in advance of board meetings and presented findings for discussion during monthly board meetings. All board papers were reviewed by relevant GoJ officers ahead of issue to the HPDB. The board was encouraged to deliberate on the content and recommendations of each paper, and to make key decisions to inform the next stage in the process. Where appropriate, the Board requested Altair to undertake further work to inform decision making at board (e.g. additional briefing papers).

All board papers will be made publicly available following agreement of recommendations by the HPDB.

Methodology

Phase 1: 'Discovery'

The policy identification process began with a 'Discovery' phase, which ran from May – July 2019, and included a wide-ranging analysis of the whole housing market in Jersey. The research that Altair conducted during this phase of work was directed by the HPDB. The aim of the Discovery phase was to explore a range of issues affecting the sustainability of Jersey's long-term housing market, and to provide a baseline assessment of the 'as-is' position, so that policy interventions were being targeted to only those areas which required intervention by the GoJ.

During the Discovery stage, Altair conducted research and presented briefing papers to the HPDB on:

- Jersey's ageing population
- The characteristics, costs and challenges for new development in Jersey

- Affordability and quality of Jersey's housing
- How Jersey's housing market affects and is affected by Jersey's wider economy

As part of a separate key worker project, Altair presented key worker housing research, which included the development of a key worker offer, to the HPDB as part of this phase. From this presentation, it was agreed that this workstream would run independently from the activities of this policy development project and would report to the Board when appropriate. More information on work being done by Altair on Key Worker Housing and how it impacts the work of the HPDB is provided below.

Phase 2: 'Options'

Following the Discovery phase, the Board entered into the iterative 'Options' phase where Altair supported the Board to consider the full range of policy interventions available to address challenges identified in the Discovery phase, and to narrow these options down into a single, coherent suite of policies for recommendation.

This phase was spread among three key board meetings and one policy development workshop. The process followed in this stage is detailed in Appendix 4 of this report. The output from these meetings was a draft policy package for consideration by the HPDB.

Phase 3: 'Recommendations'

Following agreement of the options by the Board at the policy development workshop, the 'Recommendations' stage consisted of iterative draft reporting of recommendations in the form of a single policy package. During this phase, Altair worked with the Board to refine policy interventions, looking at the practical implications of their implementation, including engagement with key delivery agents at the December 2019 meeting. In addition, Altair was tasked to present the work undertaken to date in a format to the HPDB for consideration by the Chief Minister and Council of Ministers. This final report, described in more detail below, contains these outputs.

Table 2 below contains a summary of the various phases of work, activities, key stakeholders engaged and outputs.

Key Worker Housing

In addition to supporting the HPDB, Altair was also been commissioned to support the development of a key worker housing offer, following Altair's initial key worker housing research (December 2018) and the acceptance of its recommendations by the HPDB in May 2019.

Findings from this work are being reported separately to this report, however this report includes recommendations which could be used to enable a key worker housing programme (e.g. *Policy S4 - Delivery of new homes across a range of tenures and need groups*, including key workers).

The Final Report

In January 2020 Altair presented a report summarising the work undertaken to date by Altair to develop the 'Government Leadership' policy package (GLPP) that was agreed by the HPDB at the workshop on the 29th October 2019 and meeting on the 18th December 2019.

Table 8: Stages, Key Activities, Stakeholders Engaged and Outputs of the HPDB

Stage	Key Activities	Stakeholders Engaged	Outputs
Discovery	<ul style="list-style-type: none"> ▪ Gathering and presentation of primary research, including interviews and testimonials from key governmental and non-governmental stakeholders ▪ Analysis of secondary research including data on population and demographics (census) data, build costs, earnings and income, housing costs and expenditure, housing supply, for Jersey and other jurisdictions ▪ A desktop review of relevant legislation, policy materials, housing needs reports, Island Plans, government strategies, surveys, planning guidance and freedom of information (FOI) requests ▪ An international review of jurisdictions with similar housing challenges 	<p>GoJ Departments</p> <ul style="list-style-type: none"> ▪ Environmental Health ▪ Planning & Building Services ▪ Strategic Policy, Performance and Population ▪ Health and Community Services <p>Housing Stakeholders</p> <ul style="list-style-type: none"> ▪ Andium Homes ▪ Dandara ▪ Gaudin Estate Agents ▪ Construction Leadership Council <p>Third Sector Stakeholders</p> <ul style="list-style-type: none"> ▪ Mind Jersey ▪ Age Concern <p>Other Stakeholders</p> <ul style="list-style-type: none"> ▪ Statistics Jersey 	<p>Four briefing reports on topics agreed on by the Board:</p> <ol style="list-style-type: none"> 1. Development in Jersey 2. Ageing Population in Jersey 3. Affordability and Housing Supply in Jersey 4. Jersey Housing and the Wider Economy <p>Publication of December 2018 research on key worker housing solutions</p>
Options	<ul style="list-style-type: none"> ▪ Desktop review of policies used in international jurisdictions ▪ Development of a bespoke policy intervention long list, driven by the challenges facing Jersey’s housing market identified during the Discovery phase ▪ Development of ‘policy packages’ which 	<p>Stakeholders included in policy proposals:</p> <ul style="list-style-type: none"> ▪ Andium Homes ▪ Jersey Development Company ▪ GoJ Treasury 	<p>Two policy development papers presented:</p> <ol style="list-style-type: none"> 1. Policy Longlist 2. Policy Packages <p>Presentation of ‘hybrid’ policy</p>

Stage	Key Activities	Stakeholders Engaged	Outputs
	<p>considered the interactions between policy interventions, and resulting implications</p> <ul style="list-style-type: none"> ▪ Development of a single 'hybrid' package, drawing from elements of the policy packages presented to create a single, coherent policy approach containing a number of interventions that work together to drive a more sustainable housing market in Jersey 		<p>package at board workshop Two Further Briefing Papers Requested by the Board</p> <ol style="list-style-type: none"> 1. Restricting Access to Housing and Two-Tier Housing Markets 2. Jersey's Affordable Home Ownership Products
Recommendations	<ul style="list-style-type: none"> ▪ Draft reporting on final policy package and key recommendations ▪ Reporting on policy interventions to be included in Island Plan, and how these interventions may be executed ▪ Final reporting to the HPDB covering all work to date 	Housing Trusts	Final HPDB Report and Recommendations

Appendix 2 | Board Roles and Responsibilities and Outputs

#	Board Roles and Responsibilities	Outputs
1	Examine the housing market in Jersey, including issues relating to the supply of and demand for housing; access to and the affordability of housing; the standard of housing; and land use and financial arrangements used to secure housing provision. (See appendix: 'Indicative list of matters that may be considered').	Six briefing reports on topics agreed on by the Board: <ol style="list-style-type: none"> 1. Development in Jersey 2. Ageing Population in Jersey 3. Affordability and Housing Supply in Jersey 4. Jersey Housing and the Wider Economy 5. Restricting Access to Housing and Two-Tier Housing Markets 6. Jersey's Affordable Home Ownership Products Publication of December 2018 research on key worker housing solutions
2	Have oversight of an independent long-term review of Jersey's housing market.	Policy interventions designed against long-term view of quality, tenure split, availability and access, and affordability of housing.
3	Consider primary and secondary sources of information and data. Commission additional research and undertake field visits where required.	Research undertaken includes qualitative and quantitative data, drawn from a number of sources including: <ul style="list-style-type: none"> ▪ Desktop Research of available GoJ data and secondary research ▪ Interviews and focus groups ▪ Testimonial ▪ Best-practice reviews As topics arose, the Board instructed Altair to engage further research wherever necessary.
4	Hear evidence from a broad cross-section of stakeholders who are involved in the provision of housing, which will include the voluntary and community sector, social housing providers, the construction industry, property developers, banks and legal professionals; tenants and homeowners; and landlords and agents. To interrogate that evidence.	Board received testimony and briefings from: <ul style="list-style-type: none"> ▪ Andium Homes ▪ Statistics Jersey ▪ Jersey Development Company Briefing papers included testimonial data from representatives of: <ul style="list-style-type: none"> ▪ Development ▪ Estate agents ▪ Social housing ▪ Voluntary sector ▪ Adult Social care
5	Learn from policy approaches adopted in other jurisdictions.	All policy interventions presented included reference to how they are used in
6	Have regard to and cover the impact of housing provision on Jersey's physical environment,	A range of stakeholders were engaged in discovery and policy development stages to ensure policies were developed in line with other activities

#	Board Roles and Responsibilities	Outputs
	and the interaction with broader Government strategy and policy, including the economic framework, planning, and population and migration policy.	
7	Explore innovative solutions to fund and incentivise housing provision, including in relation to land purchase and development costs, and supporting people to rent and or own homes.	A range of policy interventions were explored during the policy development process (September 2019 – November 2020), including fiscal and planning interventions to encourage more housing to be built, and tenure and access-driven interventions to enable rental and homeownership provision.

Appendix 3 | Board Meetings and Topics

Meeting	Topic
Inception Meeting 9 April 2019	Indicative issues for board to cover and discussion over commission of independent advisors to produce a report on issues in Jersey's housing market and the long-term measures required to deliver a sustainable housing market
Meeting 2 14 May 2019	Introduction to Altair (Independent housing consultant) Consider challenges in Jersey's housing market Receive report on key worker accommodation
Meeting 3 11 June 2019	Consider development barriers in Jersey An ageing population and housing
Meeting 4 23 July 2019	Briefing on Affordability and Housing Supply Housing and the Wider Economy
Meeting 5 19 September 2019	Policy solutions to address challenges in Jersey's housing market
Meeting 6 15 October 2019	Consideration of policy package to address challenges in Jersey's housing market
Policy Development Workshop 29 October 2019	Review of Policy Package, and SFA Analysis
Meeting 7 18 December 2019	Revised Policy Package and Recommendations presented
Meeting 8 27 January 2020	Meeting with the Housing Trusts
Meeting 9 28 January 2020	Draft Report Issued to HPDB
Meeting 10 TBC	Final Report Issued to HPDB

Appendix 4 | An Analysis of Jersey's Current Housing Market

This section summarises the work undertaken as part of the 'Discovery' phase and additional research commissioned throughout the HPDB programme.

1 | Current Housing Policy in Jersey

1.1. Overview

1.1.1. Current housing policies in Jersey generally fall into categories, each offered on a sub-market and market basis:

- Rental: Includes those policies which relate to social housing offered by Andium Homes, the GoJ's arms-length affordable housing provider, and independent affordable Housing Trusts, and those policies which affect how rental housing is offered in the open market
- Ownership: Includes those policies related to affordable homeownership products, and policies that affect the purchase and ongoing ownership of housing in the open market

1.1.2. Sub-market rental ('social housing') and ownership housing is offered through the Affordable Housing Gateway. All other policies exist in various forms through legislation. These include fiscal, planning policies and programme-based policies. Relevant policies in these categories are included in Sections 7 – 10.

1.2. Affordable housing in Jersey

1.2.1. Affordable housing providers in Jersey include:

- Andium Homes
- Jersey Homes Trust
- Les Vaux Housing Trust
- FB Cottages / Clos de Paradis Housing Trusts
- Christians Together in Jersey Housing Trust

1.2.2. Andium has a portfolio of c. 4,500 homes and four other providers have a combined c. 1,500 homes, totalling c. 6,000 social homes in Jersey.

1.2.3. Social housing rents are generally charged at up to 90% of the market equivalent for each property type. Andium estimates this to approximately:

- £965 per month for a 1-bedroom flat
- £1,157 per month for a 2-bedroom flat
- £1,356 per month for a 3-bedroom flat
- £1,603 for a 3-bedroom house

1.3. The Affordable Housing Gateway

1.3.1. The Affordable Housing Gateway ('The Gateway') is the current access point for affordable housing in Jersey, namely for sub-market rental and homeownership.

- 1.3.2. Jersey operates a social housing waiting list service via the Gateway, for those registered for social housing in Jersey. The Gateway contains six priority bands including a high-priority Band 1, a request for homeownership assistance Band 5, and an extra-care Band 6. Financial, medical and housing circumstances all affect which band someone is placed in.¹⁵
- 1.3.3. While the GoJ operates the waiting list, placements are made by Andium Homes, Jersey's largest affordable housing provider, and other affordable housing providers (e.g. independent housing trusts) who allocate social units on the Gateway.
- 1.3.4. 766 people are currently¹⁶ on the waiting list for rented social housing and 1,531 people are currently on the waiting list for affordable home ownership. While at present this total outnumbers available supply considerably, Andium's future pipeline for new housing indicates that up to 3,000 new homes will be developed between 2019 and 2030, with over half of these to be sold through affordable homeownership.

1.4. Income Support for Social Housing Tenants

- 1.4.1. The GoJ subsidises social housing and housing in the private sector primarily through its income support system, which assists tenants to pay their rent if they cannot afford it on their own.
- 1.4.2. For social housing tenants, the income support system uses a set of standard components which reflect the composition and needs of the household to calculate payments, which includes rents. These are balanced against the income and savings of the household with the calculation disregarding some elements of income and capital.
- 1.4.3. As the household starts to gain its own income, the value of the income support award reduces gradually, but overall household income increases. For example, a couple with one child renting an Andium property at £250 per week with no income of its own will receive £572.84 a week (the total of all the components they are entitled to) to cover rent and living costs. As the household starts increasing its income, the value of the income support award reduces gradually under the following scenarios:
- With one earner on minimum wage, bringing home £320 per week, the family will receive £332.84
 - With an income of £600 per week, the family will receive £122.84
 - With an income of £700 per week, the family will receive £47.84
 - With an income of £765 per week, the family will no longer qualify for income support
- 1.4.4. In this example, affordability or housing cost for the family just above Income Support thresholds would be £250 of rent, against an income of £765.

¹⁵ Affordable Housing Gateway, GOV.je

¹⁶ November 2019 Affordable Housing Gateway Month End Statistics

1.4.5. The calculation of rental stress would produce a figure of 33% in this example as the maximum rental stress experienced by this size household before they become eligible for income support. With higher household income the rental stress level will be lower. With lower household income, the household receives financial support through income support.

1.5. Affordable Homeownership Products

1.5.1. In response to Jersey's affordability challenges, numerous affordable home ownership products have been developed that aim to improve the accessibility of home ownership in Jersey.

1.5.2. Jersey currently has three different assisted homeownership products currently in operation. These are:

- First Time Buyer Housing
- HomeBuy
- Assisted Purchase

1.5.3. First Time Buyer Housing

1.5.4. The most common affordable home ownership product is First Time Buyer (FTB) Housing. These are homes that can only be sold to FTBs as secured by covenants set in planning obligation agreements, contracts of sale or planning conditions. There is an expectation for somewhat suppressed sale prices as a result of limiting demand to FTBs. Households do not need to be listed on the Gateway's Band 5 to qualify as a FTB under this scheme.

1.5.5. We understand that the 2011 Island Plan sites were for FTBs and also had a household income cap criterion, which had the effect of keeping the values to affordable levels.

1.5.6. All first-time buyers, including the buyers of FTB Housing also benefit from reduced Stamp Duty (if the property is under £500,000) and can receive benefits dependent on the scheme. For instance, the forthcoming Horizon Development by the Jersey Development Company (JDC) is offering an interest free 'deposit payment plan'.

1.5.7. HomeBuy

1.5.8. HomeBuy is an affordable home ownership product from Andium, that has featured on many of their developments. Homes are sold at market value but, through HomeBuy, buyers can defer a maximum of 25% of this sale price. The deferred value is then held as a charge against the property secondary to the mortgage. The level of discount is determined by assessing a household's financial situation in relation to the price of the property.

1.5.9. The deferred value is held by Andium in a bond. It must be repaid at the next conveyance of the property. The calculation of the bond value is determined by the percentage of the property value at the time of resale. This resale occurs on

the open market for 100% of its market value. The property must though be sold to a FTB. The FTB restriction is carried in perpetuity.

- 1.5.10. To purchase a home on the scheme, a household must be either on Band 5 or an occupier whose home has been allocated to them through the Gateway, and must be a FTB. If there are multiple households applying to purchase the same property, it is allocated at the discretion of Andium Homes through the consideration of criteria based around need and length of time on the waiting list.
- 1.5.11. Lloyds Bank and Skipton International both offer mortgage support to the scheme.
- 1.5.12. The HomeBuy product offers lower income households an opportunity of home ownership. However, by doing so, the product reduces its impact on the wider market's affordability.
- 1.5.13. There was a previous version of this product, also named HomeBuy. This scheme offered a 35% deferred value discount and was limited to families whose income was between £40,000 and £60,000. The scheme ended in 2010.
- 1.5.14. Assisted Purchase
- 1.5.15. JDC offers a shared equity scheme called Assisted Purchase. This provides potential buyers an opportunity to purchase a home at 90% of the market price. The other 10% is held in a bond by the GoJ in perpetuity. Any future resale of the property is at 90% of the future market value of the property.
- 1.5.16. To apply for the scheme, households have to be in Band 5 and earning less than £41,000. Households also have to be FTBs. The scheme has historically been offered on a first come, first serve basis, with the possibility of assessment by need if there was significant oversubscription.
- 1.5.17. At resale, properties bought through the Assisted Purchase Scheme must be sold to an eligible household through the Gateway. Despite the resale restriction being specified in the planning obligation, we understand that in practice, if there is no demand for the property through the Gateway, after 6 months, the seller is eligible to sell the property on the open market.
- 1.5.18. The Assisted Purchase scheme is accessible to a limited group of people but does provide affordability in perpetuity.
- 1.5.19. In addition to those above, some legacy schemes have also been used in Jersey:
 - States Loan – a loan scheme for FTBs that ended in the 1990s
 - Shared-Responsibility – a scheme akin to the UK's Shared Ownership arrangements, which allows homeowners to part-buy, part-rent their property, with options to staircase into 100% ownership through the purchase of tranches on the rented aspect
 - Sale at Discount – a deferred payment scheme organised by the States of 10% of the FTB market price
 - Deposit Loan – a pilot scheme operated in 2012 and 2013 which offered

FTBs an interest free deposit loan of 15% from the States of Jersey

1.5.20. Though these schemes are not being currently marketed or likely to be marketed in the future, they have an enduring legacy as the loans and arrangements of these schemes are ongoing. The conditions of the scheme may continue to apply at resale. For instance, the Shared-Responsibility scheme is in respect to 99-year leasehold properties, like at Clos des Sables. Similarly, the current Assisted Purchase and FTB schemes are secured in perpetuity, or until demand no longer exists.

1.6. Planning Policies

1.6.1. Per the Revised 2011 Island Plan, Jersey currently has two 'categories' of housing for planning purposes, including one category for affordable housing.

- 'Category A -- Affordable Housing' includes homes for social rent and purchase, provided to specified eligible households whose needs are not met by the commercial housing market
- 'Category B -- Market housing' includes all other forms of private sector housing where its price is set in the open market (this includes owner-occupation, private rental and private lodgings), staff accommodation and registered lodging houses and accommodation for people with special requirements (e.g. sheltered housing).

1.6.2. Housing in Category A may be owned and managed by a housing trust or association and is underpinned by the concept that conditions or restrictions may be imposed on this type of housing to ensure that it remains affordable in perpetuity. Access to Category A housing is determined through the Affordable Housing Gateway, and any housing developed for sale on the open market (Category B) is excluded from the definition of affordable housing whatever price it is sold at.

1.6.3. Prior to the revision of the 2011 Island Plan in 2014, Category A housing included States (GoJ), Parish and Housing Trust rental housing (which can include sheltered housing), lifelong homes (for people over 55) on sites specifically zoned for this purpose and homes for FTBs or another form of intermediate or shared equity housing. As a result, rezoned land in Category A could be developed for housing offered at market rates.

1.6.4. It should be noted therefore that recent planning policy change has strengthened zoning policy to make specific allocation for land for affordable housing offered at below-market rates.

2 | Affordability and Quality of Jersey's Housing

2.1. Overview

- 2.1.1. The GoJ acknowledges that housing is expensive in Jersey and that housing affordability is one of the main challenges facing the Island's housing market¹⁷. It also acknowledges that home ownership is increasingly out of reach of local families with average incomes.
- 2.1.2. Our research confirms that overall, housing in Jersey is unaffordable across tenures and among a range of income groups. Affordability therefore acts as a barrier to adequate housing for people in Jersey.
- 2.1.3. With house price growth at levels above the growth in earnings, affordability challenges have become more acute since 2014.

2.2. Defining Affordability

- 2.2.1. Housing affordability is a metric designed to move beyond considering house prices, to what a household is able to afford. This is because high housing prices do not necessarily lead to low housing affordability. For example, a housing market with higher housing prices than other jurisdictions could be more affordable if earnings are at a higher level and sufficiently cover the costs of housing and other expenses.
- 2.2.2. Statistics Jersey defines affordability by considering the proportion of income spent on either a mortgage or on rent. While the proportion of income approach used by Statistics Jersey has its limitations, it is generally accepted that this approach is an appropriate tool for calculating market-wide housing affordability. This form of affordability calculation is used widely among other jurisdictions and is a reasonable method for identifying if there is financial stress caused by housing costs.
- 2.2.3. Therefore, throughout our research, we have relied on the relevant Statistics Jersey definition of affordability (either 30% of gross income, or 40% net income).
- 2.2.4. It should be noted that affordability calculations are generally most effective at measuring affordability when high earners are excluded from the analysis, since high earners may choose to spend a high proportion of their income on housing and still have a relatively large amount of income left over for other living costs.¹⁸ Statistics Jersey accounts for this challenge in its adopted method of calculating rental stress by considering the rent to earnings ratio of households in the lowest 40% of the income distribution, thereby excluding higher earners.¹⁹

¹⁷ States of Jersey Strategic Housing Unit, Housing Strategy, 2016

¹⁸ 'The Australian 30/40 rule assumes any household above the 40th decile that has put themselves in a position where their housing costs are in excess of 30 per cent of their income has done so out of choice' from The Residual Income Approach to Housing Affordability: The Theory and the Practice by Stone et al

¹⁹ Housing Affordability in Jersey, 2015, GOV.je

2.2.5. As described above, housing affordability is calculated as the ratio of two variables: housing cost and income. As such it is helpful to understand the current trends in Jersey in these two metrics.

2.3. Housing Costs

2.3.1. Housing costs are one factor influencing housing affordability. The data collected by Statistics Jersey, as well as anecdotal accounts, suggest house prices are high in Jersey across all tenures; both owner-occupied homes and all forms of rental; social rent and both qualified and non-qualified market rent housing.

2.3.2. Owner-Occupied Housing

2.3.3. Overall, over 2009 to 2019, the price of market owner-occupied housing has increased by 79%²⁰. The period 2010 to 2014 saw house prices fall with -2% to -1% growth, but the market has now recovered and post-2014 median property prices across all property sizes and types have increased year-on-year.²¹

2.3.4. The latest (Q3 2019) mean house prices in Jersey are:

- £263,000 for a 1-bedroom flat
- £413,000 for a 2-bedroom flat
- £633,000 for a 3-bedroom house

2.3.5. Rental (Market and Social) Housing

2.3.6. Anecdotally rental prices are described as high in Jersey, and current mean rental prices in Jersey are outlined below²²:

- £1,109 for a 1-bedroom flat
- £1,778 for a 2-bedroom flat
- £2,210 for a 3-bedroom house

2.3.7. Over the last decade, the price of rental housing has increased by 42%²³.

2.3.8. Compared to owner occupation the rental sector is much easier for a household to access as there are no mortgage lender requirements, and deposits are generally set much lower, typically one month's rent. However, the ongoing cost of rental is similar, and may even be higher than that of owner occupation, as shown in the affordability analysis below.

2.3.9. As seen in the table below, compared against a sample of 11 Organisation for Economic Co-operation and Development (OECD) countries, we found that

²⁰ According to Q1 2009-2019 Jersey House Market Activity Index (Rolling four-quarter average excluding share transfer properties)

²¹ House price statistics, GOV.je

²² Statistics Jersey does not publish mean rental prices or recommend using advertised rental prices but instead publishes a rental price index as part of the quarterly Housing Price Index. These figures are approximations of price, updated to Q1 2019 using the index from cash values quoted from 'Written Question To The Minister For Housing by Deputy G.P. Southern Of St. Helier answer To Be Tabled On Tuesday 26th September 2017' (Q2 2017)

²³ According to Q1 2009-2019 Jersey Rental Index (Rolling four-quarter average)

Jersey has the highest rental costs²⁴ to households in both market and sub-market rent.

2.3.10. Note that purchasing power parity (PPP) is a way of measuring economic variables in different countries so that exchange rate variations do not distort comparisons.

Table 9: Comparing affordability across jurisdictions using proportion of housing cost to income approach

Housing Costs and Income in Jersey and 11 OECD Countries	Jersey	US	Austria	Belgium	France	Germany	Italy	Netherlands	Spain	Sweden	Switzerland	UK
Rental Costs for Market and Below Market Rent (\$ PPP)	\$1,207	\$846	\$629	\$703	\$595	\$639	\$666	\$617	\$702	\$586	\$1,023	\$674
Monthly Median Gross Household Income (\$ PPP)	\$5,113	\$4,226	\$4,141	\$3,512	\$3,488	\$3,519	\$3,053	\$4,068	\$2,771	\$3,726	\$5,897	\$2,799
% of Income spent on Housing Costs	24%	20%	15%	20%	17%	18%	22%	15%	25%	16%	17%	24%

2.4. Household Income

2.4.1. Household income is another factor influencing housing affordability and are used as indicators of a household's ability to pay for housing.

2.4.2. The latest household income report from 2014/15 shows that median weekly household income in Jersey was £680 per week (c. £35,360) before housing costs, which adjusted to today's figures, is about £737 (c. £38,337). This compares to mean household income in Jersey in 2014/15 at £860 per week (c. £38,338) or £932 per week (£48,486) adjusted to today's figures.²⁵

2.4.3. Change in earnings over time, particularly relating to changes to living costs (inflation) and housing costs over time, also help reveal affordability pressures in a jurisdiction. Since 2014, average earnings in Jersey have increased by less than house prices, and since 2017 average earnings have increased by less than inflation. These macroeconomic factors will continue to affect housing affordability

²⁴ Total housing costs per household are reported in Jersey as part of the 2014/2015 Survey of Household Earnings, are different to housing prices

²⁵ Earnings from Jersey Household Income Distribution adjusted to Jersey Index of Average Earnings

going forward and should be considered in parallel with policy interventions which address acute housing affordability challenges.

2.5. Other Factors Influencing Affordability

2.5.1. While the variables of housing cost and earnings are useful when defining and calculating affordability, there are a range of elements which influence these two components of affordability that may be considered. These are summarised below:

Figure 2: Factors Impacting Housing Affordability



- **Housing Supply:** shortfall in housing across a range of tenure
- **Effective demand:** real demand for housing
- **Government policy:** supply and affordability (new build, subsidy, financial instruments), income levels – salaries and tax
- **Macroeconomic factors:** earnings, interest rates, developer’s confidence in the market
- **Availability & Cost of Finance:** interest rate levels, access to mortgage facilities, investment opportunities, homeownership products
- **Population growth:** future population policy unknown – future restrictions on net inward migration

2.6. Affordability for Renters and Owners in Jersey

2.6.1. Within the housing market there is a division between owner-occupiers and renters. Although households are able to move between the two tenures, and there are links between housing prices and rental prices, in terms of affordability the difference in housing costs in the two markets mean that we have considered each tenure separately.

2.6.2. Jersey has a comparatively low rate of owner-occupation, and it is possible that demand for rental, and the relatively high rates of renters on the Island, is in part a result of the residential status rules in Jersey, which create disincentives or barriers to purchase for new arrivals. For example, some renters who would not be restricted by deposit or mortgage accessibility concerns when considering becoming owner-occupiers may be:

- Unable to purchase due to residency restrictions (e.g. those who are ‘Registered’)
- Hesitant to purchase due to employment-tied housing rights status (e.g. those who are ‘Licensed’)

2.6.3. More information is made available about Jersey’s residential qualifications system with regards to access to housing in Section 5 below.

2.6.4. Owner-Occupiers

2.6.5. At the time of the last census in 2011, owner-occupied housing, or housing for sale, represented approximately 54% of the market with c. 22,574 owner-occupied dwellings in Jersey²⁶.

2.6.6. When considering the affordability of home ownership, there are two groups of households to consider, those who already own a home, and those who may be seeking to become owner-occupiers.

2.6.7. For those who are already owner-occupiers increases in house prices will not create a significant affordability issue as they have already paid a deposit and the terms of their mortgage are mainly fixed. For this group the key driver of variance in their monthly housing costs is changes in interest rates. With interest rates remaining low this is not a key contributing factor to housing costs at present, but this could change in the future.

2.6.8. For those who do not yet own a home, price is not the only relevant factor in the owner-occupied market. Being able to purchase a home is dependent on a household having sufficient income to secure a mortgage for a home, with mortgage lending limits usually set as a multiplier of salary, and on the household having saved a sufficient deposit.

2.6.9. The JHAI indicates whether a working household with average (mean) income is able to purchase a property affordably. Statistics Jersey reported that in 2018 affordability in Jersey declined compared to calendar year 2017. In addition, in the most recent 5-year period the overall housing affordability index has declined by 10%, indicating overall housing affordability has worsened over that period.²⁷

2.6.10. As expressed in real prices the cost of an average priced (mean) 2-bedroom flat for purchase in 2019 is £413,000 which according to JHAI calculations²⁸ would result in a monthly payment of £2,024 pm, This represents 50% of the median gross household income level of £4,028 per month²⁹ and compares poorly to the JHAI definition of affordability of no more than 30% of gross income being spent on mortgage costs.

2.6.11. Rental Housing

2.6.12. About 43% of people in Jersey rent their homes, across qualified market and social housing sectors³⁰. Most of the rental market in Jersey is private; qualified and non-qualified rental, lodging and employment-tied accommodation makes up approximately 70% of the rental market, whereas GoJ (Andium), Housing Trust or parish rent makes up 30% of rental housing.³¹

2.6.13. In terms of rental prices used in this analysis, this is limited to qualified private sector rental. However, anecdotal evidence suggests non-qualified rentals

²⁶ Households and dwellings statistics, GOV.je

²⁷ Housing Affordability in Jersey, 2015, GOV.je

²⁸ 10% cash deposit, 90% mortgage at a Bank of England sterling standard variable mortgage rates for 25-year term

²⁹ Median household earnings uplifted by inflation of 13.4% (December 2013 to March 2019)

³⁰ Households and dwellings statistics, GOV.je

³¹ Households and dwellings statistics from 2011 Census, Statistics Jersey

are more expensive and are of poorer quality compared to qualified rental accommodation.

2.6.14. Social housing is priced at no more than 90% of the market equivalent for an individual property. The largest social housing provider, Andium, is charging rents at 90% as tenants take on new leases. Ongoing Andium tenants are paying rents at a range of below market values. It is understood that at the time the 90% of market equivalent policy was put in place for social housing rents, the purpose was primarily to address cash flow objectives for social housing delivery, and not necessarily focussed on objectives relating to tenant affordability.

2.6.15. The cost of renting an average priced (mean) 2-bedroom flat in 2017 was £1,778 pm³² This is lower than the cost of owner occupation but still represents 43% of the median gross household income level of £4,028 per month. This is above the 30% level of gross income considered affordable.

2.6.16. However, this analysis is limited, by a generalisation of costs (using market prices) and income (island-wide median gross household income). To address this, affordability for particular household groups is explored in more detail in the next section.

2.7. Calculating Affordability Using Housing Costs

2.7.1. We have used data extracted from the 2014/2015 Survey of Household Income published by Statistics Jersey in 2015 (the latest data available as the survey is ran every 5 years) to identify acute affordability concerns that may affect particular groups. The data reports on net household income before and after housing costs, to look at typical reported earnings and housing costs (including mortgage interest, rent and parish rates) of people in Jersey across tenures and household types. As costs have risen over the five years since the survey has taken place the rental figures are lower than those we have used elsewhere in this report.

2.7.2. Since 2014 housing costs have grown at a higher rate than earnings, it is likely that the position is now worse than when the survey was undertaken.

2.7.3. The survey data looks at the actual housing costs being paid by these groups at the time of the survey, rather than the estimated cost of a new mortgage or lease if a household were to move. The housing cost figures are therefore lower than those reported in previous sections.

2.7.4. In representing households' actual housing costs these figures also do not consider the suitability of housing. For example, if a household is occupying a smaller property, and household members are overcrowded, as they cannot afford a property which meets their needs, this will not be captured by the data.

2.7.5. Affordability by tenure

³² This figure is according to the Jersey Rental Price Index (Q2 2017) via 'Written Question To The Minister For Housing by Deputy G.P. Southern Of St. Helier answer To Be Tabled On Tuesday 26th September 2017'. Please note this is a value for housing price, not real cost and could be overinflated and is based on advertised rental costs not reported by Statistics Jersey.

2.7.6. The table below illustrates how housing costs affect different tenure groups.

Table 10: Median Housing Costs for Various Tenures, in £ and as a % of median net household income

Median Housing Costs for Various Tenures, in £ and as a % of median net household income (equivalised) ³³	Net Household Income before housing costs (per month)	Housing Costs (per month)	Residual Income after Housing Costs (per month)	Proportion of net household income spent on housing (%)
Owner Occupied with Mortgage	£ 4,377	£ 520	£3,857	12%
Rental (Qualified)	£ 2,947	£ 910	£2,037	32%
Rental (Non-qualified)	£ 2,427	£ 607	£1,820	25%
Social Rental	£ 2,037	£ 823	£1,214	40%
All ³⁴	£ 2,947	£520	£2,427	18%

2.7.7. The table above shows that:

- Owner-occupiers with a mortgage have the highest net household income before housing costs of the various groups and have the lowest housing costs.
- Average owner-occupier costs (for existing owner-occupiers) were at £520pm compared to an estimated £1,788pm for a FTB purchasing at current prices
- Qualified renters have the second highest income but have the highest housing costs, with 32% of net income spend on housing costs.
- Social renters have the second highest housing costs but also the lowest net household incomes and pay 40% of their income on housing costs, which is at the level of unaffordability set by JHAI. However, all social renters have access to income support which provides financial support for rental costs to reduce rental stress for social housing tenants where household income drops below a given level.

2.7.8. As mentioned above, social housing rents on the island are charged at up to 90% of the market equivalent for each property type. While the GoJ's Income Support policy is such that a tenant of a social housing landlord has the full value of their rent included within their income support calculation so long as the tenant is occupying an appropriate property for the size of their household³⁵, Andium argue that the 90% of market equivalent creates affordability challenges for the

³³ From Jersey Household Earnings Survey 2014/15. Housing costs calculated by subtracting Net income before housing costs (BHC) was defined as Gross Cash Income, minus income tax, rates (parish and Island-wide), social security payments, pension contributions, child maintenance payments made to other households. Net income after housing costs (AHC) was defined as Net Income BHC, minus: mortgage interest or rent payments on place of residence, service charge on place of residence, buildings insurance for place of residence. Please note, due to different equalisation factors among tenure groups, housing costs figures should be treated as estimates only.

³⁴ Also includes Owner Occupied without Mortgage, who pay c. 1% of income on housing costs which primarily consist of service charged and other non-rent or mortgage costs

³⁵ Income Support rates, Gov.je

40% of their households not in receipt of Income Support. However, the design of Income Support (discussed in Section 10) means that those in Andium homes who do not receive Income Support should have sufficient income so as not to be facing affordability difficulties.

2.7.9. Affordability by household type

2.7.10. The table below looks at the income of different household types, against housing costs expressed as a proportion of net household income before housing costs. The data shows that single parents and working age adults living alone pay the highest proportion of their income on housing costs each month and pensioners pay the lowest.

Table 11: Median Housing Costs for Various Household Types, in £ and as a % of median net household income

Median Housing Costs for Various Household Types, in £ and as a % of median net household income (equivalised) ³⁶	Net Household Income before housing costs (£ per month)	Housing Costs (£ per month)	Proportion of net household income spent on housing (%)
Pensioner	£2,340	£ 217	9%
One Parent with dependent	£2,297	£ 953	42%
Couple with dependent	£3,120	£ 520	17%
Couple no children	£3,683	£ 607	16%
Working age adults living alone	£2,773	£ 823	30%
Other	£3,467	£ 217	6%
All	£2,947	£ 520	18%

2.7.11. This table is supplemented by further work undertaken by Statistics Jersey as part of the Income Survey analysis which showed that when looking at individuals across Jersey, 29% of children were living in a household with a relatively low equivalised income after housing costs were considered (23% of all individuals).

2.8. Affordability Based on Current Prices

2.8.1. While the Income Survey helps identify where people are currently experiencing affordability difficulties, it fails to identify how this relates to property suitability, and aspirations to ownership, as it is based on where people are currently living and not the housing costs experienced by first time buyers, and may not be based on a suitable property for the household.

³⁶ Please note, due to different equalisation factors among household groups, housing costs figures should be treated as estimates only.

2.8.2. To address this gap, we have considered typical gross earnings by occupation using recently advertised posts and mean housing costs (mortgage and rental prices only) using GoJ's Jersey House Price and Rental Price indices. This is therefore focussed on people who are transferring between homes, rather than on current housing costs paid.

2.8.3. The analysis shows that:

- A FTE retail assistant or sous chef cannot affordably service any 1-bedroom property, and a FTE retail assistant who is not receiving income support would pay over 70% of monthly income for a 1-bedroom social housing flat
- A newly qualified social worker cannot affordably rent or buy a 1-bedroom property, and currently would be unable able to rent a 1-bedroom social housing flat as social housing on the island is accessed through Housing Gateway which currently does not accept applicants with income of over £40k.
- In the examples shown in the tables below only the Retail Assistant and Sous Chef would be eligible for social housing.

Table 12: Housing Affordability Calculations by Occupation (1 br)

Housing Affordability Calculations (Single Earner) ³⁷			1 Bedroom Flat (2019 Figures)		
			Purchase	Private Rent	Social Rent
Gross Annual Salary	Gross Monthly Salary	Occupations	£1,250	£1,108	£997
£16,500	£1,375	Retail Assistant	91%	81%	73%
£27,300	£2,275	Sous Chef	55%	49%	44%
Cut off for access to the Housing Gateway is currently at £40,000					
£40,951	£3,413	Social Worker (Newly Qualified)	37%	32%	29%
£44,101	£3,675	Radiographer (Mid-level)	34%	30%	27%
£53,078	£4,423	Teacher (Highest Level)	28%	25%	23%
£58,257	£4,855	Investment Manager (GoJ)	26%	23%	21%
£66,374	£5,531	Doctor (Associate Specialist)	23%	20%	18%

³⁷ Assumptions: 10% deposit at 4.3% interest rate for 25 years at price of 2 bedroom flat from latest Jersey Housing Price Index Q1 2019, Rental Prices updated to Q1 2019 index with cash values quoted from 'Written Question To The Minister For Housing by Deputy G.P. Southern Of St. Helier answer To Be Tabled On Tuesday 26th September 2017' (Q2 2017), Social Housing Costs estimates at 90% of market price listed

Key: Red indicates housing costs are more than 50% of earnings, amber indicates housing costs are more than 30% and less than or equal to 50% of earnings, green indicates housing costs are no more than 30% of earnings

£87,254	£7,271	Director (Civil Service)	17%	15%	14%
---------	--------	--------------------------	-----	-----	-----

Table 13: Housing Affordability Calculations by Occupation (2br)

Housing Affordability Calculations (Single Earner) ³⁸			2 bedroom Flat (2019 Figures)		
			Purchase	Private Rent	Social Rent
Gross Annual Salary	Gross Monthly Salary	Occupations	£ 2,024	£1,778	£ 1,600
£ 16,500	£ 1,375	Retail Assistant	147%	129%	116%
£ 27,300	£ 2,275	Sous Chef	89%	78%	70%
Cut off for access to the Housing Gateway is currently at £40,000					
£ 40,951	£ 3,413	Social Worker (Newly Qualified)	59%	52%	47%
£ 44,101	£ 3,675	Radiographer (Mid-level)	55%	48%	44%
£ 53,078	£ 4,423	Teacher (Highest Level)	46%	40%	36%
£ 58,257	£ 4,855	Investment Manager (Government)	42%	37%	33%
£ 66,374	£ 5,531	Doctor (Associate Specialist)	37%	32%	29%
£ 87,254	£ 7,271	Director (Civil Service)	28%	24%	22%

2.8.4. For single earners with dependents who are not receiving income support, the affordability of two-bedroom properties is particularly strained. Further analysis shows:

- The average monthly social rent for a two-bedroom property (say for one adult and one dependent) would consume almost 70% of a FTE retail assistant's gross salary
- A newly qualified social worker would be unable to affordably service the monthly rent of an average priced private two-bedroom property on their own
- Single doctors working in Jersey may not be able to service the monthly rent of an average priced private two-bedroom property
- Of the cohort analysed, only civil service Directors earning over £85k per annum are able to affordably service monthly payments on both averagely

³⁸ Assumptions: 10% deposit at 4.3% interest rate for 25 years at price of 2 bedroom flat from latest Jersey Housing Price Index Q1 2019, Rental Prices updated to Q1 2019 index with cash values quoted from 'Written Question To The Minister For Housing by Deputy G.P. Southern Of St. Helier answer To Be Tabled On Tuesday 26th September 2017' (Q2 2017), Social Housing Costs estimates at 90% of market price listed

Key: Red indicates housing costs are more than 50% of earnings, amber indicates housing costs are more than 30% and less than or equal to 50% of earnings, green indicates housing costs are no more than 30% of earnings

priced rental and mortgaged two-bedroom properties in Jersey

2.8.5. For some groups, high housing costs and resulting affordability pressures make it difficult to maintain an adequate standard of living. For others, high housing costs and resulting affordability pressures may make it difficult to remain living in Jersey. The GoJ acknowledges in the 2020-23 Government Plan that high cost of housing can make it difficult to attract health and education professionals to move to Jersey. In addition, research undertaken by Altair in 2018 concluded that affordability of housing acts as a significant barrier in the retention of key workers, who otherwise may wish to remain in Jersey.

2.9. Key Affordability Challenge: Home Ownership

2.9.2. The immediate implication of housing unaffordability is financial stress among households, perhaps leading to housing insecurity. However, some long-term implications of housing unaffordability, particularly in social and market rental sectors, include the inability for households to access homeownership. This is because high proportions of rental housing costs to earnings may constrain savings towards deposits. In Jersey, even a low 10% deposit on a median-priced 2-bedroom flat is £41.3k, which would mean a median income household in the qualified rental sector in Jersey saving 20% of their income after housing costs every month would take about eight and a half years to save for a deposit.

2.9.3. There is anecdotal evidence that lenders are slowly becoming more willing to lend which is reflected in the range of products entering the market and that terms and conditions attached to mortgages are changing, including an increase in the amount the applicant can borrow. This follows a period of very restrained lending following the 2008 global financial crisis.

2.9.4. It is understood that some mortgage providers in Jersey are now creating products to help first time and second time buyers overcome the problem of funding a deposit by introducing 100% Loan to Value (LTV) next generation mortgages. For example, this could require a family member to provide a guarantee (in the form of a bond) which is equivalent to 15% of the value of a property.

2.9.5. To estimate mortgage affordability, we have expressed deposits as 10% of total house price. It should be noted that while this is anecdotally regarded as a common deposit size, Statistics Jersey reports on average Jersey loan-to-value data only, and there is not collated data on the average deposit size in Jersey across comparable data (i.e. incomes) although this data could be collected in the future. The implication of this is that the GoJ is unable to estimate the actual costs of accessing home ownership, and in turn, unable to form evidence-based proposals for reducing this barrier to home ownership. In other jurisdictions this data is collected through the bodies responsible for mortgage banks (e.g. financial regulators) on behalf of the central bank.

2.10. Key Affordability Challenge: Housing Quality

- 2.10.2. Lack of access to good quality affordable housing can have wide-ranging impacts. These can include financial stress as well as health and wellbeing issues. It needs to be clear that housing isn't considered affordable if it is not of a liveable condition. On this, the Affordable Housing Commission³⁹ says: *'It would be ridiculous to say that the affordability problem is overcome if the tenant moves into a slum that may be cheaper but is unfit for human habitation or is grossly overcrowded'*. However, in looking purely at the data on current housing costs, as in the analysis of the income survey above, it is impossible to consider the quality of homes people are living in.
- 2.10.3. Minimum standards for rental homes were agreed in principle by the GoJ in December 2017 with the amendment to the Public Health and Safety (Rented Dwellings) Law. The Law was then approved in late 2018 to provide minimum standards for rental accommodation. These standards came into force on 1st December 2018. The Public Health and Safety Order lists the minimum requirements that landlords must meet in order to make sure that their properties do not pose a risk of harm to the health and safety of tenants.
- 2.10.4. Rent Safe, a voluntary scheme, is currently used to encourage landlords to meet the minimum standards. Landlords are able to register their properties, only those that meet an accredited rating are listed on the Rent Safe register. Over 2,000 dwellings have been approved so far. This will soon rise to 6,500 when Andium's properties are added to the register, bringing the total percentage of Rent Safe properties to about 37% of all of Jersey's rented housing stock⁴⁰.
- 2.10.5. Environmental Health dealt with 825 reports of sub-standard accommodation in 2018, a 233% year on year rise⁴¹. It is understood that this reflects tenants increasing confidence in reporting problems.
- 2.10.6. To continue the Island's drive to achieve a minimum standard for rental homes, tenants and landlords have recently been asked (consultation closed 28th June 2019) to give their opinions on how a new licensing system for rented accommodation should work. The proposed scheme would be mandatory for all rental properties and GoJ would know the location of all private rented dwellings on the island.

2.11. Historic and Forecast Supply and Demand

- 2.11.2. Housing supply has historically been in shortage in Jersey in comparison to demand. This may be due to limited new development, but also somewhat due to under occupation in existing housing stock, as covered in other sections. As addressed earlier in this section, housing supply may be driven by a number of factors including land supply, the economy, finance and funding,

³⁹ 'Defining and measuring housing affordability – an alternative approach', June 2019

⁴⁰ Total rented dwelling figure (17,747) from Households and dwellings statistics via 2011 census, including all States, housing trust or parish rent, qualified private rental, registered lodging house, lodger in private household and other non-qualified accommodation dwellings

⁴¹ Report by ITV (10th May 2019)

construction and labour markets, developers and other providers, planning policy and overall viability and cost.

2.11.3. The GoJ understands this pressure on supply and has historically and continues to promote policies (namely through planning) which promote supply in balance with new and existing demand. Based on the intentions of households⁴² and current migration scenarios, and before applying affordability criteria, over the three-year period from 2019 to 2021:

- before the supply of new dwellings, there is an overall anticipated shortfall of 2,750 dwelling units
- there is a potential shortfall of around 1,830 units in the owner-occupier sector; in particular, there is a large potential shortfall of 3-bedroom properties in this sector
- under current migration trends, there is a potential shortfall of around 600 units of registered accommodation; in particular, there is a potential shortfall of 2-bedroom properties in this sector.

2.11.4. Planning estimates⁴³ indicate there are about 1,399 completions planned over 2019-2020, however data is unavailable on the status of these completions.

2.12. Existing Policies

2.12.1. Fiscal Policy

2.12.2. The ownership and occupation of a home is considered by the Government in the way it raises taxes and other charges. The level of these costs can affect overall affordability. The parochial rate system collects an annual rate from property owners and occupiers based on the assessed value of the building. The level of parish rates is very low compared to property rates levied in other countries. Income taxpayers have historically benefited from allowances against mortgage interest payments. These allowances are being phased out over a number of years. There are no tax allowances in respect of rental costs. The government levies a fee, stamp duty or land transaction tax (LTT), on the purchase of property with discounted rates for FTBs.

2.13. Other Considerations for Policy

2.13.1. While the future Jersey population policy is unknown at present, we can assume one possibility is restricted population growth via further restrictions on net inward migration. As can be evidenced by population policies in Guernsey, reducing population growth by restricting net inward migration may, in conjunction with other economic changes, drive down prices. This phenomenon is illustrated in the figures below.

⁴² Latest Jersey's Future Housing Needs Survey

⁴³ Data provided by Planning Department in GoJ ('Completions 1986-2020 (est)')

Figure 3: Population change in Guernsey

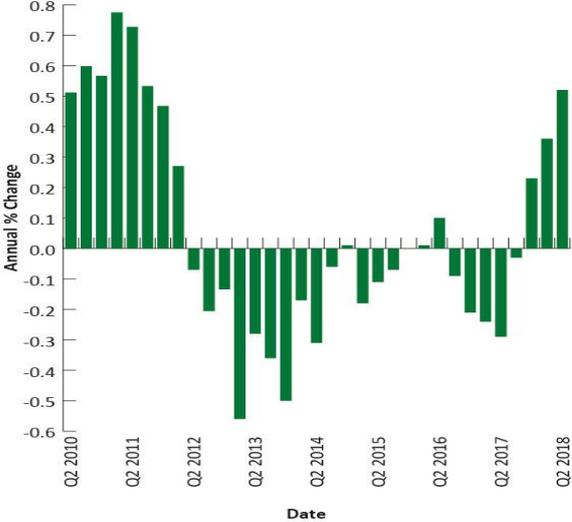


Figure 4: Average Property Prices in Guernsey and Jersey



2.13.2. However, even in a restricted inward migration population scenario new household formation (e.g. adult children moving out of family homes, or relationship breakdown leading to the creation of new households) as well as longer life expectancy, will still mean that demand increases.

2.13.3. There are a number of policy interventions used by other jurisdictions to drive supply and affordability. For example:

- Tokyo has prevented a housing shortage by building more and building up. It is reported that this was instigated by the Government revising regulation to allow more density. As a result, Tokyo’s rents have been in line with price inflation for approximately two decades and has added roughly 100,000 homes a year since 2003, leading to a housing surplus.⁴⁴
- In Germany, rental stabilisation, use of government land for affordable build programmes, large subsidised build programmes and densification policies

⁴⁴ The National March 2018

have helped combat historic increase in house prices.

3 | Jersey's Ageing Population

3.1. Overview

3.1.1. We identified two challenges relating to Jersey's ageing population and its interaction with a sustainable housing market:

- There is significant under occupation of housing (living in accommodation with two or more 'spare' bedrooms) among older people (according to the 2011 census).
- There is a lack of suitable housing for older people on the island, which may act as a barrier to rightsizing into smaller properties.

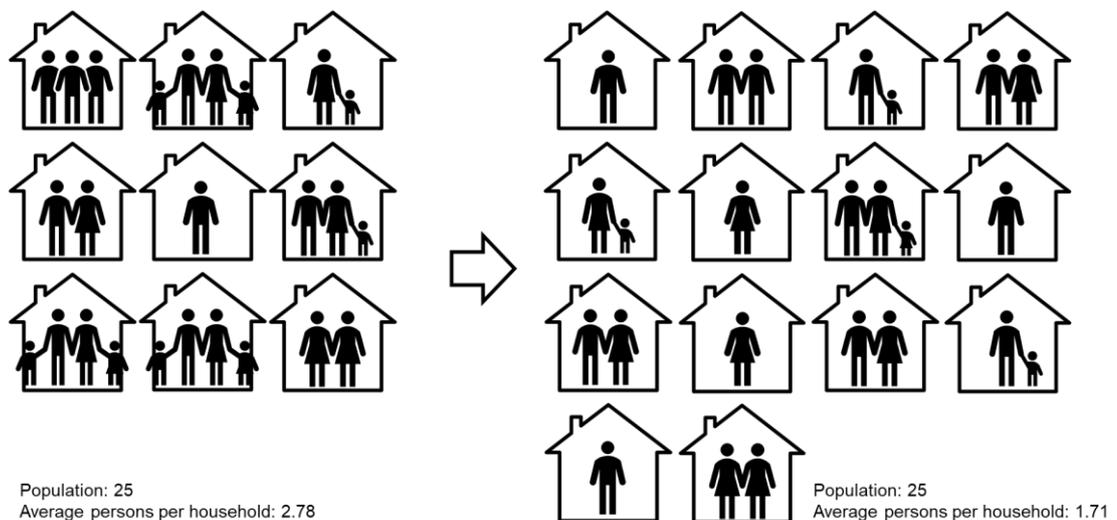
3.2. Changing Demographics

3.2.1. Jersey's ageing population has implications for the housing market. Older people over 65 make up c. 17% of Jersey's population but account for about a third of all homeowners on the island and live in a quarter of the homes in Jersey.

3.2.2. Estimates show that there will be c. 11,000 more pensioners living in Jersey by 2035, compounding challenges.

3.2.3. Linked to changes in the population age profile, as well as other social and cultural changes, Jersey's households are getting smaller. Over the last forty years, Jersey's households have decreased from 2.8 persons per household in 1971 to 2.31 persons per household in 2011. As Jersey's population ages and as social and cultural factors mean individuals are living alone longer and more frequently, there will be an increase in the formation of new single-person households, and thus demand for housing will likely increase in any future scenario even if population is stable. This places a strain on the existing supply of housing, as illustrated in Figure 1 below:

Figure 5: Demonstration of Household Size Change and Housing Supply



3.3. Under occupation in all tenures

3.3.1. Under occupation is described as living in accommodation with two or more 'spare' bedrooms. Implications of this challenge include:

- Larger homes remain occupied by a single person or couple rather than larger households
- Inefficient use of limited housing stock
- Financial, cultural or market barriers limiting 'right-sizing' to smaller homes

3.3.2. In 2011, the Jersey Census recorded significant under occupation in all tenures of its housing stock, with about a quarter of all households under occupying by two or more bedrooms (42% of owner-occupiers under occupy). This is compared to c. 5% of households that over occupy their dwellings by two or more bedrooms.⁴⁵ Under occupation is concentrated among older people's households, or households where children have left the family home.

3.3.3. We are unaware of the impact of recent high migration levels on these figures since the census in 2011, however research from other jurisdictions suggests that higher need for housing does not necessarily combat widespread under occupation in housing stock. This is because there may not be sufficient 'effective demand' for properties that are currently under occupied due to the price or tenure of these properties (e.g. that they are for owner occupation or due to affordability challenges).

3.3.4. 'Effective demand' addresses the issue that while there may be a need for housing (demand), this may not be accompanied by an intention or ability to purchase. For Jersey 'effective demand' will be drawn from those who have the correct housing qualifications and required savings and income to purchase a property. Where households do not have the means to purchase properties that are currently under occupied, they will not contribute to effective demand for these properties. Where migrant households have low incomes, or are not able to purchase property under Jersey's residential qualification system, instead of creating demand for under occupied properties the higher housing need caused by high net inward migration may compound over occupation figures, as these households may only be able to access small properties.

3.4. Lack of suitable housing for older people on the island

3.4.1. Policy interventions in the 2002 Island Plan, 2008 amended Island Plan, 2011 Island plan and 2014 amended Island Plan focus on older people as those over-55. With life expectancy now at 80 years in Jersey⁴⁶ it is important to recognise that the term 'older people' captures people at a range of life stages over a period of on average 25 years. In 2017 the healthy life expectancy (how long they will

⁴⁵ 2011 Census

⁴⁶ Annual Mortality report (2018) Statistics Jersey

live in 'good' or very good' health) of a 65-year-old male was 12.6 years and for a 65-year-old female it was 14.5 years. This group, in common with the rest of the population, has considerable diversity of needs and desires with regards to housing products appropriate for them.

3.4.2. Interviewees identified that there is a lack of supply in extra-care and other suitable accommodation that may provide older people the range of choice necessary to move. Jersey, as with the UK and other countries, has experienced slow progress in models for housing older people which are attractive enough for older people to choose to move to. Between 2002 and 2017, 174 homes targeted at the over-55s or retired people were completed across tenures and developers.⁴⁷ Implications of this challenge include:

- Large family homes may be inadequately insulated or adapted to the older person's needs
- Inappropriate use of institutional care facilities
- Lack of attractive choice discourages older people from moving

3.4.3. As a result of the eligibility criteria for social housing, a significant proportion of social housing tenants are older people. Jersey's social housing stock is primarily general needs housing, and there is limited specialist accommodation for older people. Andium are currently working with Age Concern to deliver a purpose-built low-rise facility for the elderly at Convent Court which will provide 21 specialist homes. This combined facility for Age Concern to deliver its services and housing development will be the first of its kind in Jersey.

3.5. Existing Policy

3.5.1. Currently, GoJ policy generally refers to two groups, those older people 'over-50' (as expressed in social housing policy) or 'over-55' (as expressed in Island Plan policies) and pensioners⁴⁸ (referred to in population, Future Jersey policies and the previous 70+ targeted for Free Home insulation Policy⁴⁹). As expressed above, the housing drivers for these individuals will vary both between and among age groups. The beneficiaries of policies (both housing and other policies) targeting older people can be divided into three profiles of individuals:

- Working age 'older people' (Over 50s or Over 55s): This group is economically active and may or may not still have children living at home (who may or may not be dependent)
- Retirees (Over 65s): This group is generally socially active and will continue to be economically active in the future as the pension age increases.
- Elderly (Over 80s): This group, depending on health, may or may not require care.

3.5.2. Lifetime Homes Standards

⁴⁷ GoJ, Completions 1986-2020 (est) from Government Of Jersey Department of the Environment (Planning)

⁴⁸ We have referred to over-65s for consistency, but are aware the pension age will increase to 67 by 2031

⁴⁹ Policy enacted by the Energy Efficiency Service c. 2012 to subsidise improved insulation of homes for older people, and is adjacent to but not directly tied to older people's housing policies

- 3.5.3. Since 2008, all newly built homes have been built to 'lifetime home standards' (see Appendix 2). The lifetime home standards are building control regulations for internal layout and adaptability of the dwelling which aim to make the dwelling adaptable to the occupiers' long-term needs and to incorporate features that will enable occupants to cope better with reducing mobility and to 'stay put' longer in their homes. The lifetime homes policy is also mirrored in the current health and housing strategies as well as the current Island Plan.
- 3.5.4. Lifetime homes standards in Jersey are based on those originally conceived by the Joseph Rowntree Foundation Lifetime Homes Group in 1991. Today, In Wales and Northern Ireland, new publicly funded homes are required to comply with the Lifetime Homes Standard. However, the UK government has focussed on incorporating the objectives of the Lifetime Homes Standards into simplified Building Regulations. This recognises that while accessibility and adaptability standards can be beneficial, they must be incorporated carefully into policy as not to complicate planning and design.
- 3.5.5. The current lifetime homes policy may indirectly encourage under occupation because it supports interventions which enable older people to remain independent in their own homes, which are likely to be large, family homes, over the course of their lives. Homes delivered under this policy are no more than 10 years old, so under occupation of this stock is likely to be a medium-term phenomenon.
- 3.5.6. Some older people are interested in 'right-sizing' to smaller homes for a number of reasons, including supporting present or future care needs, reduced utility costs, lower cleaning and maintenance requirements.
- 3.5.7. Lifelong Homes
- 3.5.8. Different to lifetime homes policies which ensure new development in the open market is made to standards that allow for adaptations into the future, the GoJ has also made policies to support the development of homes specifically designed for older people. These policies are referred to as 'Lifelong' homes in policy material. In July 2008, the GoJ approved an amendment to the 2002 Island plan which allowed planning to zone eight parish sites, six of which were to be developed for 'lifelong homes' (for people over-55 for social rent and purchase on the open market). The GoJ describes 'lifelong homes' as those which enable downsizing and release of larger homes which may be more suitable for families elsewhere in the housing market. Lifelong homes are included in the description of Category A need housing, which also includes States (GoJ), Parish and Housing Trust rental housing and housing for FTBs.
- 3.5.9. Research has not been conducted on the efficacy of the development of these sites in releasing larger properties into the market, and in future residents of these properties could be surveyed to understand their experiences and where they had moved to the lifelong homes from.
- 3.5.10. Long-term care scheme

- 3.5.11. The long-term care scheme, enacted in 2013, provides a ring-fenced fund to help provide financial support to individuals with their long-term care costs and responds to the acknowledged challenges Jersey is facing in terms of changing demographics and the provision of care.
- 3.5.12. Under the scheme for those living in residential care there is usually a requirement to co-fund by paying for non-care costs (e.g. housing costs, and other living costs), while those living in their own homes are assumed to be meeting their living costs (including housing costs) outside of the scheme. The scheme is currently funded by Long Term Care (LTC) contributions collected from Jersey residents who have an income high enough to pay income tax, together with a tax funded grant.
- 3.5.13. The long-term care policy was designed to encourage care being provided in the community and identified 'lifelong homes' as supporting the delivery of care packages in homes due to spatial considerations. The scheme was designed so as not to present a barrier to addressing under occupation in older people's owner-occupied properties through treatment of financial assets that does not penalise people who downsize.
- 3.5.14. Right-sizing policies
- 3.5.15. Right-sizing policies are policies which support individuals to move from accommodation they are under occupying into smaller accommodation. Currently, Jersey applies right sizing policies to those in receipt of Income Support and to the initial allocation of social housing.
- 3.5.16. For tenants receiving Income Support the amount of housing component is linked to the number of bedrooms required by the household. Where a household is under occupying because members of the household have moved out, the housing component for the larger unit can be paid for up to 12 months while they wait to move to a smaller property. Individuals applying for social housing are required to provide household details on their application to determine housing size eligibility.

3.6. Other Considerations for Policy

- 3.6.1. Research conducted by the Joseph Rowntree foundation (JRF) found that many older people prefer to live in mixed-age communities, and many require or desire two bedrooms to accommodate belongings, enable them to have flexibility in how they use their home and to allow for visitors or carers. These demands run in contrast to traditional offers seen in the UK and elsewhere of older people's sheltered accommodation, which tends to be age-restricted and made of bedsit or one-bedroom accommodation.
- 3.6.2. Since 2008, Jersey has taken this into account in planning standards relating to 'lifelong homes' which are required as a minimum, to provide one and a half bedrooms.

4 | Costs and Barriers to Development

4.1. Overview

4.1.1. To address the potential challenges in the delivery of new supply, the HPDB wished to explore what barriers there are to the development of housing (e.g. increasing supply) and any unnecessary development costs (e.g. which raise the cost of building new homes), so that future policy interventions may look at mitigating these to increase supply.

4.1.2. To better understand the extent to which development barriers were impacting on property values, the research analysed:

- Viability and land costs
- Construction market and workforce
- Land supply and planning
- Finance and funding

4.1.3. At present, the most significant barrier to housing delivery in Jersey is land supply. However, some stakeholders felt the planning process could be improved. Others felt that as a result of mobilisation of large-scale projects such as the new hospital, new offices (e.g. GoJ headquarters) and Andium's housing pipeline, materials and workforce supply may become more pressured.

4.1.4. The forthcoming Island Plan will potentially have increased housing supply targets, which may or may not assist in addressing affordability issues (e.g. depending on affordability interventions that are assigned to new supply).

4.2. Build Costs and Access to Skills

4.2.1. One factor highlighted for Jersey is the perceived high cost of development both in relation to land cost and build costs. Our research revealed that the cost of building in Jersey⁵⁰ is moderate in the context of a generally high-cost market, with similar build costs to London and the South East (despite Jersey having higher property prices), and slightly lower build costs than jurisdictions with equivalent property prices (e.g. London Borough of Southwark). While there will be a range of specific market factors in each location that impact on both property prices and build cost, responses from stakeholder interviews indicated that build cost is not seen as a significant concern for developers operating in Jersey.

4.2.2. Labour and skills shortages are not currently a significant barrier to housing delivery in Jersey at current delivery levels (with the exception of some less-frequent, large scale projects such as the St Helier Waterfront project). However, there are some large projects planned by GoJ in the future which if delivered, could create significant growth in the amount and concentration of construction activity on the Island, and therefore an increase in labour and skills demand.

⁵⁰ According to Index 113 from BCIS Data for the Channel Islands

4.2.3. However, the construction market in Jersey was seen by stakeholders as being relatively self-sustaining at projected supply levels with opportunities to access local labour (as well as train local labour such as through partnerships created by the Jersey Construction Council (JCC) with Highlands College) and also the ability to access both UK and French supply chains (for example the use of a French contractor, Groupe Legendre for the Horizon JDC scheme at St Helier Waterfront) in the event of large development projects.

4.3. Land Supply and Planning

4.3.1. Land supply is perceived as constrained in Jersey. With most of the land supply through windfall sites and limited in the main to brownfield sites, there is concern that should the next Island Plan include a high delivery target (e.g. 7,000 homes depending on migration thresholds), it may be unachievable without a conjunction of land, housing and other policy measures. Lack of supply delivery may further compound affordability issues on the Island.

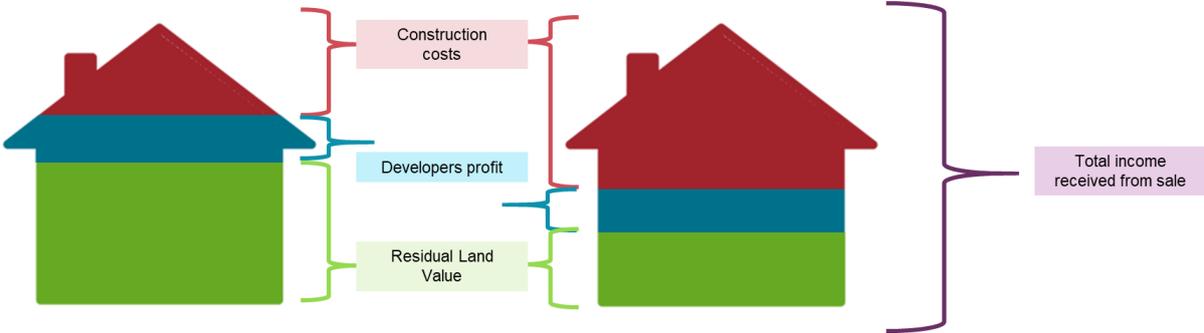
4.3.2. Combined with this, size of sites coming forward may also be a challenge. As a general rule of thumb, developers delivering at scale need to develop sites of over 50-100 homes to benefit from resource efficiencies, and so some smaller sites may be unattractive, or more expensive to develop, for these developers. There is some concern among stakeholders that there will be limited market sites of this size moving forward and the majority of sites of this size are in public ownership with unknown plans for use or disposal.

4.3.3. The ability of the planning process to quickly and efficiently deliver planning consents underpins developer and investor confidence in developing new homes. Developers have mixed views on whether consents were being delivered quickly enough. Whilst statistics are not available on the proportion of planning applications that receive consent, reported protracted timescales for planning suggest some barriers within the planning process, either caused by structural delays or delays caused by public challenge in the planning process. For example, Andium reported a delay of over a year in one of its schemes (delivering over c. 150 affordable homes) due to a local dispute by a member of the public about a technical element of the scheme.

4.4. Land Cost

4.4.1. Moderate build costs, as described above, against a backdrop of high property prices may be a contributing factor to high land prices in Jersey. This is as land prices are typically the residual output of the property value less costs, therefore where costs reduce the proportion of the property value that can be apportioned to land is higher, as shown in Figure 2 below.

Figure 6: Demonstration of Residual Land Value



4.4.2. High costs of land act as a significant barrier for affordable housing providers, since these organisations provide housing at below-market rates. Andium Homes, an arm’s length affordable housing provider and developer wholly owned by the GoJ, has experienced challenges relating to scheme viability when purchasing land as a result of acquiring sites on the open market.

4.4.3. The challenge Andium faces regarding viability is not unexpected given sites available on the open market will generally be more viable (i.e. have a higher land price) where private sale or private rent is delivered than for all affordable housing where rents or property prices are discounted by c. 10% (against open market rents). Given Andium’s plans to deliver 3,000 new homes by 2030⁵¹ of which over half will be delivered through land acquired from the open market, land supply and development opportunities will be key to delivering this requirement.

4.5. Supply and Affordability

4.5.1. Affordability is a key element of a sustainable housing market and whilst there are certain overlaps between price of property and supply of new homes, there are certain factors distinct to each. These are outlined in the diagram below.

⁵¹ From 'Presentation to the Housing Policy Development Board' by Andium Homes, Delivered 20 May 2019

Figure 7: Factors impacting property prices and new housing supply



- 4.5.2. The link between increases in the supply of new homes and increased affordability is complex and increasing supply alone may not result in a reduction of house prices. This is particularly where demand increases at a greater rate than the rate of increase in supply.
- 4.5.3. Increasing supply when demand is still increasing will still bring downward pressure on prices and has the added benefit of avoiding sudden price movements in the market.

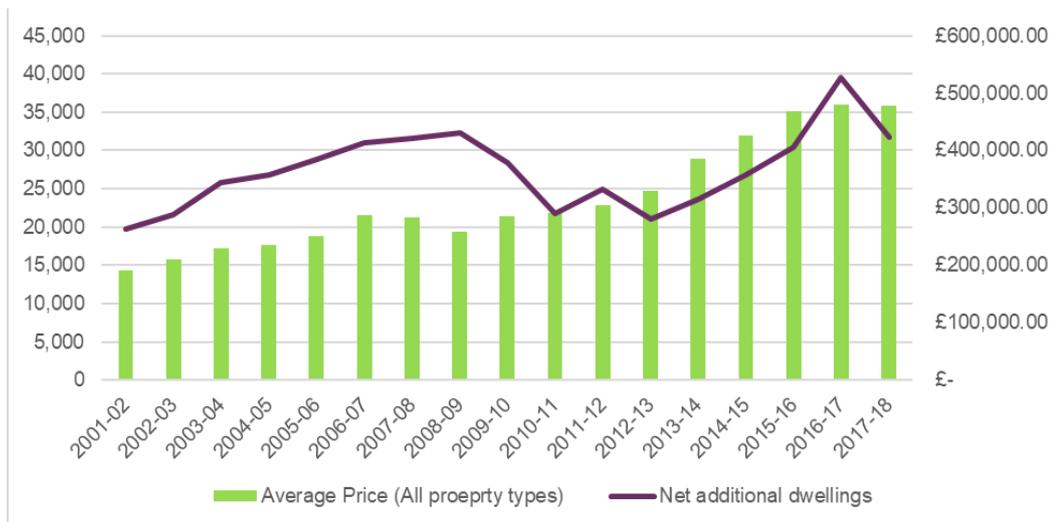
Case Study: Affordability and Supply in London

In the UK, reasons for increased demand may be increased access to mortgages (this was notable following the recovery from the financial crash in 2008), increased speculative investment in residential property, and wider improvements in the economy such as low unemployment and increased household earnings. However, this demand will drive supply as it in turn gives developers and housing providers confidence to deliver new homes.

In Figure 4 we have focussed on London as it is a contained area which faces similar issues of land availability to Jersey, has a similar price point in relation to median incomes against property price, has net inward migration, and has the lowest housing affordability in England.

There is general consensus where private sale is the primary tenure being delivered unless there is material and significant increase in supply then affordability is unlikely to improve without other interventions to support affordability.

Figure 8: Relationship between House Prices and Additional Housing Supply in London



4.6. Speculative Investment in Jersey's Housing Market

4.6.1. Speculative investors play a role in driving demand on schemes and potentially pushing prices upwards. This includes those purchasing properties to let, rather than for occupation by the owner, and may lead to increased demand (e.g. multiple bidders) for each new home, with resulting impact on the home's selling price.

4.6.2. It is the case that developers must be confident that there is an end purchaser to fund and develop new housing. Removal of speculative investors from the market could dampen this confidence to develop, however this may in some way be mitigated by interventions targeted at increasing the ability and opportunity for lower to median income earners to access the market.

4.7. Current Policies

4.7.1. Government Commitments to Increase Supply

4.7.2. GoJ actively rezones land for new supply to meet increasing housing need as part of the Island Planning process. In addition, one of the ambitions of the 'Future Jersey' community vision is to 'improve housing supply'.

4.7.3. Government Provision of Land

4.7.4. The GoJ has not historically had a formal strategy for the provision of free or low-cost government land to affordable housing providers for new development, although on a scheme-by-scheme basis, land has been transferred at low / nil cost to Andium and affordable housing trusts.

4.7.5. Government Backed Construction

4.7.6. As discussed, Andium Homes, the GoJ's wholly owned affordable housing provider, builds homes for affordable rent and sale.

4.7.7. In addition, the JDC is a property development company set up by the GoJ to regenerate unused GoJ-owned properties. It is responsible for completing the development of the St Helier Waterfront and regenerating Government owned property no longer required for the delivery of public services.

4.7.8. JDC sells open-market properties and office-spaces with a return to the GoJ.

4.7.9. In the past, GoJ has assisted Housing Trusts by the transfer of assets.

4.8. Other Considerations for Policy

4.8.1. Due to high costs of land and given Andium's plans to deliver 3,000 new homes by 2030⁵² of which over half will be delivered through land acquired from the open market, land supply and development opportunities will be key to delivering these targets.

4.8.2. Without land supply opportunities, Andium and the Housing Trusts will continue to compete competitively with the open market for land despite discounted return due to below-market level rents and sales receipts. Elsewhere, such as in the UK, this 'gap' is met by grant subsidy or innovative uses of public land (e.g. creation of long-term revenue streams through affordable housing rather than capital receipts).

4.8.3. If delivery in the future is anticipated to occur at a significantly larger scale and simultaneously, introducing diversity to the construction sector may protect the sector in the medium to long term from some labour and materials shortages. For example, the use of alternative construction methods such as Modern Methods of Construction (MMC) and off-site construction (such as those used on the

⁵² From 'Presentation to the Housing Policy Development Board' by Andium Homes, Delivered 20 May 2019

Radisson Hotel) could help alleviate pressures on the traditional housing supply chain⁵³ and help deliver to the Island Plan housing target.

⁵³ Benefits of off-site construction and other modern methods of construction detailed in the House of Lords' Science and Technology Select Committee report 'Off-site manufacture for construction: Building for change' (2018)

5 | Jersey's Two-Tier Housing Market

5.1. Overview

5.1.1. Jersey currently has a housing market which restricts access to rental and owner-occupied housing through residential and work status, in effect creating a 'two-tier market' with a primary market, accessed by those with residential qualifications, and a secondary market which those without residential qualifications rely upon.

5.1.2. Concerns have been raised that this split market has a negative impact on access to quality, suitable accommodation for some portions of Jersey's population. This is echoed by the 2020 Government Plan, which acknowledges that many migrant families live in overcrowded conditions.

5.1.3. To place Jersey's system in context, access to housing markets may be categorised into three levels:

- open housing markets: characterised by having little to no restrictions on housing for non-residents
- partially restricted housing markets: exhibit some restrictions for local economic and market-controlling purposes
- two-tier housing markets: characterised by clear restrictions on non-residents' access to all parts of the housing market in a jurisdiction

5.1.4. Jersey and Guernsey are the only nations identified in the research that have two-tier housing markets according to the description above.

5.2. Jersey's Current System

5.2.1. Jersey currently restricts access to housing in both owner-occupied and rental tenures, and across all areas of the Island. This is controlled through two housing categories: 'Qualified' and 'Registered' housing.

5.2.2. Migrants who have registered or entitled to work status are permitted to live in registered or non-qualified accommodation, which includes registered lodging houses, private (in-home) lodging accommodation, or other non-qualified accommodation, such as tourist accommodation. Jersey has c. 4,250 non-qualified dwellings, representing c. 10% of total housing stock on the Island. In comparison, 13% of Jersey's population is registered. 80% of non-qualified accommodation is flatted, compared to about 63% of qualified private rental accommodation.⁵⁴

5.2.3. There is no defined method for the GoJ to determine the number of registered properties in Jersey (e.g. through planning or other processes), and many registered properties available today are historic conversions from commercial

⁵⁴ 2011 Jersey Census

properties (e.g. hotels, office blocks and guest houses) or were inherited pre-2006⁵⁵.

5.2.4. According to Jersey's latest Future Housing Needs report for 2019-2021, under current migration trends, there is a potential shortfall of around 600 units of registered accommodation, with a particular shortfall of registered 2-bedroom properties. This is largely driven by recent levels of migration, as the last report for 2015-2018 recorded a potential surplus of registered accommodation.⁵⁶

5.2.5. The restriction on availability of property for non-qualified residents of the Island has been raised as a concern by the HPDB (and highlighted in the 2016 Housing Strategy), in relation to its impact on access to, and quality of, accommodation for non-qualified residents on the Island.

5.2.6. According to Jersey's latest census, non-qualified housing was three times as likely to be overcrowded when compared to all occupied dwellings on the Island, at 15% of non-qualified dwellings compared to 5% of all occupied dwellings. This is compounded by the size makeup of housing in the non-qualified market, with about two-thirds of all non-qualified dwellings being one-bedroom units and a quarter of non-qualified dwellings offered as lodging within private homes.

5.2.7. According to the Control of Housing and Work (Jersey) Law 2012, new homes in Jersey are to be 'Qualified' by default, but that the Housing Minister may change the category of an existing home either on his or her own or at the request of a property owner. In practice, however, it is not common practice for the Minister to do so. This is largely because the law also specifies that the Minister should consider relevant factors relating to the supply and demand of housing, particularly 'in relation to the interests of persons with [residential qualifications]', when looking to change the category of individual properties.⁵⁷

5.3. Other Approaches

5.3.1. There are generally three levels of access to housing used by jurisdictions internationally.

5.3.2. Open Housing Markets

5.3.3. Many countries treat non-resident buyers and renters almost identically to local residents with regards to property rights. Some of the potential reasons for this are:

- To promote foreign investment: While there is little research available on the drivers for governments to maintain open housing markets, one of the biggest drivers for governments to restrict access to property to non-residents is to discourage foreign speculation.
- Countries restrict access to housing through legislation on settlement and work (e.g. immigration status) so do not rely on property access to control

⁵⁵ On 10/02/2006 legislative change determined properties inherited must be occupied by those holding residential qualifications (i.e. 'Entitled' or 'Licensed' individuals) apart from the inheritor themselves.

⁵⁶ Jersey's Future Housing Needs 2019 - 2021

⁵⁷ Control of Housing And Work (Jersey) Law 2012

migration

- Countries may not face drivers to restrict access to housing, such as housing supply or affordability challenges for local people
- The administrative burden and cost of enforcement of ensuring relevant agents check residential status during property transactions

5.3.4. Examples of countries with open housing markets include many European countries such as the UK, Spain and France and also others such as the United States of America and Brazil. In all of these countries, access to live and work is restricted to citizens or those who hold relevant work permits. Anyone who has the legal right to live in these countries also has the right to buy or rent property.

5.3.5. In an open housing market, a person's ability to rent or purchase a property is generally not restricted by legislation. In most cases, a non-resident will rent or purchase a property in the same manner as a resident. For example, if purchasing a home this may be by securing finance, applying for relevant permits if necessary and paying tax. If renting a home, the process may include providing assurance to the landlord that they can pay the rent by paying a deposit, paying some rent up front, or supplying a guarantor.

5.3.6. One of the proposed effects of open housing markets is increased prevalence of speculative foreign investment, in particular in 'investable' markets with high and growing housing prices. Such is the case in the UK and in particular in London, which is described in more detail in the case study below. This may lead to increased competition for property between residents and non-residents, and potentially a decrease in the affordability of housing if non-resident investment transactions are at scale.

Case Study: Foreign Ownership in the UK and London

In the UK there are no restrictions on foreign ownership of property, and anyone who has the right to legally reside in the UK also has the right to rent a property there.

In London, high and growing house prices are attractive for non-resident property investors. In 2013/14, it was estimated that 7% of residential purchases in Greater London were made by buyers from overseas, increasing to 32% of purchases in high-end 'Prime London'. Since then, statistics on foreign investment into London's new builds have been published, with 2017 research revealing that 13% of new home purchases in London are by 'overseas' buyers, rising to 36% of new home purchases in 'Prime London'.

While the evidence is non-conclusive, a 2017 House of Commons briefing paper did reference two pieces of research which claimed foreign investment was causing price increases in London, and as a resulting decreasing affordability to local people. As a result, there have been historic and some more recent policy proposals to tax speculative foreign non-resident investors, such as in the form of a stamp duty surcharge on 'foreign buyers'.

While the government does not strictly restrict non-residents' access to the rental market, the government does mandate that landlords complete a 'right to rent' check

on immigration status before renting the property out to a non-resident. So long as the non-resident has one day left on his or her visa to legally live in the UK, he or she may rent a property for up to 12 months. After this point, landlords or agents are required to conduct a 'follow-up check' on the immigration status of the tenant when the tenancy is renewed. Anyone may legally purchase a property in the UK.

5.3.7. Partially restricted housing markets

5.3.8. Jurisdictions may choose to partially limit non-residents' access to the housing market, either by creating restrictions on access to regions or types of property. These jurisdictions tend to restrict housing ownership and usually permit non-residents to rent. For example, only residents of Iceland and Liechtenstein may purchase a property in these jurisdictions, but anyone may rent a property in both.

5.3.9. Some of the reasons for jurisdictions with partially restricted housing markets are:

- To protect the supply of owned housing for residents: In Switzerland non-residents may only buy a residential property in a touristic area, restricting non-residents from purchasing in cities with buoyant housing markets such as Geneva and Zurich. Related restrictions also exist in Thailand, Bermuda and parts of Austria.
- To prevent foreign investment from driving up the cost of properties for residents: In 2018 New Zealand banned non-residents from purchasing existing houses for this reason, a political action to promote affordability for locals. Similar proposals have been considered by Australia.
- To use housing as a settlement barrier: In Finland, neither non-Finnish nor Finnish residents are able to purchase property in Finland's Åland Islands unless they have Ålandic right of domicile (local citizenship).

5.3.10. Depending on the type and extent of restrictions in place, the effects of a partially restricted housing market will range significantly and are relatively hard to single out. For example, in New Zealand, decreased investment in property by non-residents as the result of legislation introduced in 2017⁵⁸ has coincided with decreased house prices. However, other factors in the market include lower numbers of domestic investment in housing.⁵⁹ At c. 3% of all property transactions being from non-resident buyers before introduction of the legislation, some argue that the scale of the intervention will not drive market trends.⁶⁰

5.3.11. Other effects of a partially restricted housing market may include impact on availability of tenures in the market, such as renting, and the overall framework for accessing housing for non-residents. In Thailand non-residents cannot purchase land, so Thai property owners may benefit from re-directed demand by non-residents to rent a home or take out long-term leases on property instead of purchasing. However, this does not imply that Thai landowners are better off because of the restrictions. In fact, other factors may also be impacted by the

⁵⁸ The Overseas Investment Amendment Act

⁵⁹ Woods, C. NZ banned foreign ownership just over a year ago. Does Australia need to follow suit? Domain (2019)

⁶⁰ Nelson, E. 'New Zealand is banning foreigners from buying houses', Quartz (2019)

restrictions, such as scale of demand by non-residents to relocate to Thailand, house prices and price growth and overall economic activity.

5.3.12. Two-Tier Housing Markets

5.3.13. In some rare cases, countries may restrict access to both ownership and rental markets. This may be for a number of reasons, including cultural and economic drivers. The only two housing markets identified in the research to have two-tier housing markets across the whole of a jurisdiction are Jersey and Guernsey.

5.3.14. In these markets, legislation is in place to restrict access to housing by non-residents. To purchase or rent most properties in these jurisdictions, a non-resident must gain residency status (usually after 10 years) through work, marriage to a local resident or another special permission.

5.3.15. Focus On: Guernsey

Case Study: Guernsey

In Guernsey, there are no restrictions on the ownership of property but there are restrictions on occupation of property. This is due to the small size of the island, population density and the government's desire to protect local people from being priced out by foreign buyers (per the 1957 Housing Law). Property on the island is split into two categories: Local Market and Open Market. Similar to Jersey's 'Qualified' housing, Guernsey's 'Local Market' properties may be occupied by people born in Guernsey, who have lived in Guernsey for a number of years or who have special employment permits. There are c. 25,000 'Local Market' properties in Guernsey making up c. 94% of all properties. Similar to Jersey's 'Registered' housing, Guernsey's 'Open Market' properties may be occupied by local or non-local people. There are c. 1,600 'Open Market' properties in Guernsey making up c. 6% of all properties. About 60% of the properties in either category are owner-occupied, and about 36-37% of properties in either category are rented, with approximately 10% of all properties in the 'Local Market' category being affordable rented housing.

While it is hard to compare the two categories due to the nature of their makeup and relatively low number of 'Open Market' transactions in any period (c.18-20 transactions per quarter), it should be noted that Open Market property values are about 2.4 times higher on average than 'Local Market' property values.⁶¹

5.4. Other Considerations for Policy

5.4.1. The table below summarises the general impacts of the three levels of housing markets and their application to Jersey's current position.

⁶¹ Guernsey Quarterly Residential Property Prices Bulletin Quarter 3 2019

Table 13: Impacts and Considerations of Restricting Access to Housing

Type of Housing Market	Effects on the Market	Application in Jersey
<p>Open</p> <p><i>Little to no differentiation between residents' and non-residents' access to rental and purchased property. Access to housing is driven by national immigration and right to work status.</i></p>	<ul style="list-style-type: none"> ▪ Encourages foreign investment in property ▪ May lead to competition between locals and non-residents in the rented and owned property markets ▪ May lead to economic growth through foreign investment, foreign occupation and spending in the jurisdiction 	<ul style="list-style-type: none"> ▪ Due to Jersey's arrangements with the UK and therefore EU, this would likely mean anyone who can work in Jersey (All UK and EU nationals) will have access to Jersey housing ▪ Post-Brexit, this may be limited to only UK and Irish nationals ▪ May have a negative impact on affordability and access to housing products by local people if other controls to live and work do not act as a barrier for relocation
<p>Partially Restricted</p> <p><i>May include legal restrictions to non-residents to purchase property, but generally allows non-residents to rent any property. Access to housing is driven by national immigration and right to work status.</i></p>	<ul style="list-style-type: none"> ▪ May allow the government to create regional or partial restrictions where local people are most likely at risk of facing affordability or access challenges as a result of additional competition in the market by foreign purchasers ▪ Does not act as a barrier for people to settle in a jurisdiction if they are able to legally live and work there ▪ Where home purchase is restricted, will likely drive up demand for rental properties, which may have a positive impact on local markets for landlords but may also create competition with local people for rental products where demand for rental is high and supply is low 	<ul style="list-style-type: none"> ▪ A restricted system for purchased homes only would create a single-tiered rental market, which would improve access to rented housing for people who non-qualified residents in Jersey ▪ This may increase demand for rental housing from people who have a legal right to reside in Jersey who do not work (i.e. UK or Irish retirees) ▪ Jersey may also wish to consider partial restrictions to home ownership, such as those in jurisdictions which allow a foreign buyer to purchase a property of a certain type, size or in a certain area
<p>Two-Tier</p> <p><i>Generally restricts access to non-residents to rent or own any property and therefore restricts access to work and occupy the jurisdiction through access to housing.</i></p>	<ul style="list-style-type: none"> ▪ Where legal allowances to live and work in a jurisdiction do not match a jurisdiction's population aspirations or capacity, these restrictions allow jurisdictions to control migration ▪ May also allow a jurisdiction to control the kinds of immigrations who may move to the jurisdiction, such as through partial exceptions (i.e. high net-worth migrants or migrants filling skills shortages) 	<ul style="list-style-type: none"> ▪ Currently, people who live and work in Jersey but are non-qualified may only rent in a small portion of the housing market, which has significant impacts on their ability to access affordable and high-quality housing or housing that meets their and their family's needs (e.g. non-shared or multi-bedroom accommodation) ▪ The inability of unqualified individuals to purchase protects properties for those with Qualified status, but discourages those without residential qualifications from settling on the island permanently ▪ Individuals without residential qualifications may feel restricted from leaving jobs that provide staff accommodation

6 | Housing's Role in Jersey's Wider Economy

6.1. Overview

6.1.1. Housing-related market activity makes up a large portion of wider economic activity in Jersey.

6.1.2. Several factors have been associated with house price growth which may present useful metrics for analysing the need for and projecting long-term effects of housing policy. Key findings from each of these areas are as follows:

- Economic growth: the market has largely driven house price outcomes as the Jersey house price market has generally flexed with historic economic shifts.
- Employment and earnings: Slowing earnings and inflation growth has been overtaken by house price growth since about 2014. House price growth nearly doubled growth in both earnings and inflation in 2018.
- Population changes: In Jersey, population growth does not necessarily imply an increase in effective demand. This is due to the housing qualification system in Jersey, which limits access to housing, linking access to housing to residency and employment
- Limited supply: house prices in Jersey have increased during periods with relatively high housing supply net additions and also during periods with relatively low housing supply net additions
- Interest Rates: Interest rates are currently low in Jersey, and could be a contributing factor to keeping house prices in Jersey high because they make borrowing less expensive

6.1.3. Our research found that when policymaking, governments across the globe create housing policies from these different views, which centre around two main questions:

- Does a strong, stable economy drive a house market that is fit for purpose, and in what ways?
- Can housing itself drive economic outcomes?

6.2. Role of Housing in Jersey's Economy

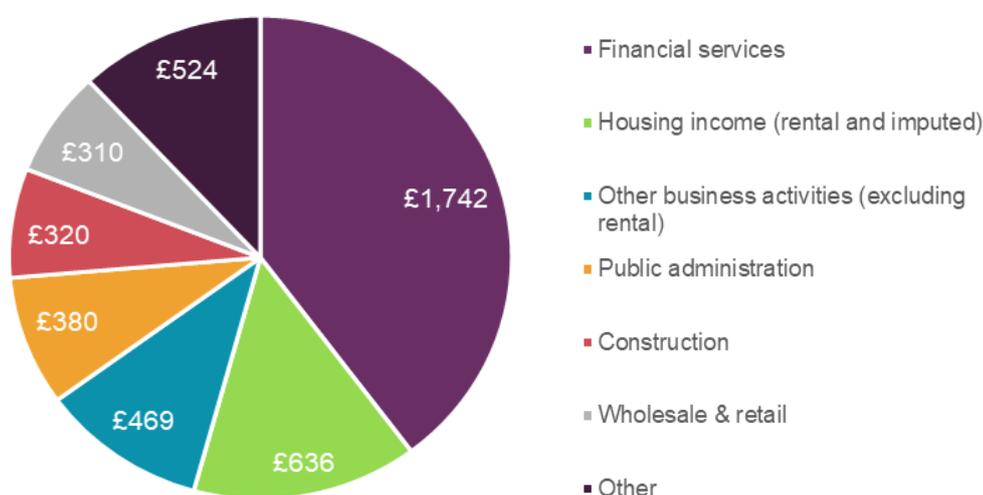
6.2.1. Housing undeniably plays a large role in Jersey's economy, but this doesn't stop at the monetary value of housing in the macroeconomy. Homes also create a 'housing market', which provides both a place for people to live and also investment opportunities. The housing market also interacts with the wider economy by providing platforms or pressures for people to participate economically via spending in the local community and through jobs.

6.2.2. Housing and Gross Value Added

6.2.3. Buying and selling existing homes does not affect Gross Value Added (GVA)⁶² in the same way as buying and selling other goods and services, although the accompanying costs of a house transaction still benefit the economy.

6.2.4. Instead, the value of housing for GVA in Jersey, among other countries such as the UK and Germany, is calculated as the value from 'rents' from the rental (real rental income) and owner-occupied (Owner Occupied Imputed Rents or OOIR⁶³) sectors. In monetary terms, the value of housing (OOIR and real rents) as a portion of all economic activity on the island is £636,000,000 or 15% of Gross Value Added (GVA), second only to financial services in any given year since 1998, as seen below.⁶⁴

Figure 9: Gross Value Added by Sector (2017 Figures £million)



6.2.5. There is no link between the average house price and the GVA for the housing sector, however it is linked to private rental sector values. Therefore, policy interventions which reduce rent levels, would also cause a corresponding dip in housing GVA. Increasing the amount of housing will increase housing GVA as more properties will be contributing to the sector.

6.2.6. The Housing 'Market'

6.2.7. Housing, like any other market, works as an exchange between spending and income, and housing has different costs and benefits for different actors in the market.

⁶² Economic indicator used in Jersey as expressed by the value of goods and services produced in an area, industry or sector of an economy; while GDP gives a picture of whole economy, GVA gives pictures at enterprises, government and households levels

⁶³ Owner-occupiers' imputed rent (OOIR), which is essentially an estimate of the rental costs that homeowners would pay themselves to rent their own property. This payment does not actually occur but is required in order to make meaningful comparisons between countries in which owner occupation is high (such as the UK) and countries where owner-occupier rates are lower, such as Germany

⁶⁴ National accounts: GVA and GDP, Gov.je (from 1998-2017)

6.2.8. For renters and owner-occupiers, housing is a good/service paid for in exchange for a monthly cash payment. Renters accept that the good/service is temporary, whereas owner-occupiers may hope to retain and increase asset value as they live in the home. For many households on the island, housing is the single biggest monthly expense. Latest household spending figures estimating housing costs (including housing, fuel and power) to be about 28% of total weekly expenditure, with transport the second highest cost at about 12% of weekly expenditure⁶⁵. For a household in Jersey, homebuying is likely to be the largest asset purchase they make. In comparison to other developed housing markets, Jersey housing costs as a proportion of household income are generally in line with but at the top end of the spectrum.⁶⁶

6.2.9. Housing investors also play a key role in economy, as they not only invest cash into the market through purchase, they also provide a good/service to renters, in exchange for what they hope will be a positive return.

6.2.10. In theory, these actors participate in a win-win market exchange, however, there have been a number of negative consequences as a result of the strength of the housing market in Jersey, namely:

- Under occupation of housing stock held as an asset, and barriers to rightsizing
- Supply challenges in a competitive and limited marketplace
- Affordability pressures for low- and middle-income groups
- Poor quality standards in rented accommodation, particularly in sub-market rental sectors

6.2.11. These kinds of consequences are not unique to Jersey, and in other jurisdictions may be influenced through government intervention, primarily through:

- Demand / Market Led Interventions and Variants: Based on the thinking that a strong economy creates conditions for balanced housing markets, these interventions usually see government acting as an enabler or corrector of market activity. There is a wide spectrum of thinking about the way governments should do this. One view is that government should only have an 'enabling' role that allows the economy to operate most freely. For example, governments may remove or reform other forms of government policy that act as barriers to the housing market (e.g. planning and taxation) or they may help facilitate environments for market growth (e.g. promoting financial institutions). Another view is that governments should have a more active 'controller' role in the market. For example, governments may tax or curb house price growth to address affordability gaps created in the market. The objective of this approach is to allow the wider economy to produce a balanced housing market
- Supply / Needs Led Interventions and Variants: Based on the thinking that the economy alone may not create the conditions for balanced housing markets, or that the government must increase supply of housing to create

⁶⁵ 2014/15 Household spending, Gov.je

⁶⁶ Findings on housing costs as a proportion of income contained in Altair's briefing paper: 'Affordability and Housing Supply', issued to the Housing Policy Development Board in July 2019

conditions for strong markets (and as a result, strong housing markets), these interventions tend to include some form of intervention by governments in the housing markets. The spectrum of thinking diverges on the scale of intervention governments should have. For example, some governments may directly create supply (e.g. government building) or they may do so indirectly (e.g. private or social institution built through subsidy). The objective of this approach is growth in the wider economy as a result a strong housing market

- Hybrid approaches to these demand and supply led interventions: In reality, governments usually combine elements of both demand / market-led interventions and supply / needs-led interventions. For example: In Japan, clear zoning laws allow for much quicker housing delivery and low interest mortgages to buyers, allowing the private housebuilding market to grow.⁶⁷ But Japan also has policies allowing government to take an active role in housing delivery. For example, the Public Housing Law provides subsidies to local government bailiwicks to build social housing for low-income families and the Safety Net Law allows local governments to identify vacant dwellings, renovate them, and rent them out to local low-income families.⁶⁸

6.2.12. Housing and the Wider Market

6.2.13. As mentioned above, one of the wider economic benefits of a housing market is the exchange of goods and services adjacent to the housing market. These goods and services can include anything from estate agents, legal or surveyor fees to buying a new sofa or wallpaper, for example.

6.2.14. However, housing is also a unique aspect of the economy in that it is both a market in itself and also a platform for people to participate in the wider economy through spending in the local community or through jobs situated near to their homes. This is why one of the reported wider benefits of new supply is that the local area profits when new houses are built as newcomers will start using local shops and services⁶⁹.

6.2.15. On the flip side, in some housing markets with low housing affordability, resulting in or compounding poverty, there may be higher demand for social services and other services that require government or other support expenditure.

6.3. Implications for Jersey

6.3.1. Analysts and commentators, such as property consultants and academics, attribute house price strength in Jersey to the following:

- Economic growth
- Employment and earnings
- Population changes
- Limited supply
- Interest Rates

⁶⁷ Why the average family in Tokyo can own a new house for \$850/month, Curbed.com

⁶⁸ Brasor, P et al, 'Japan's public housing system has a shelf life' (2015) and 'Safety Net Law to offer new lease on life for abandoned' (2017), Japan Times

⁶⁹ Bank of England, 'How does the housing market affect the economy?'

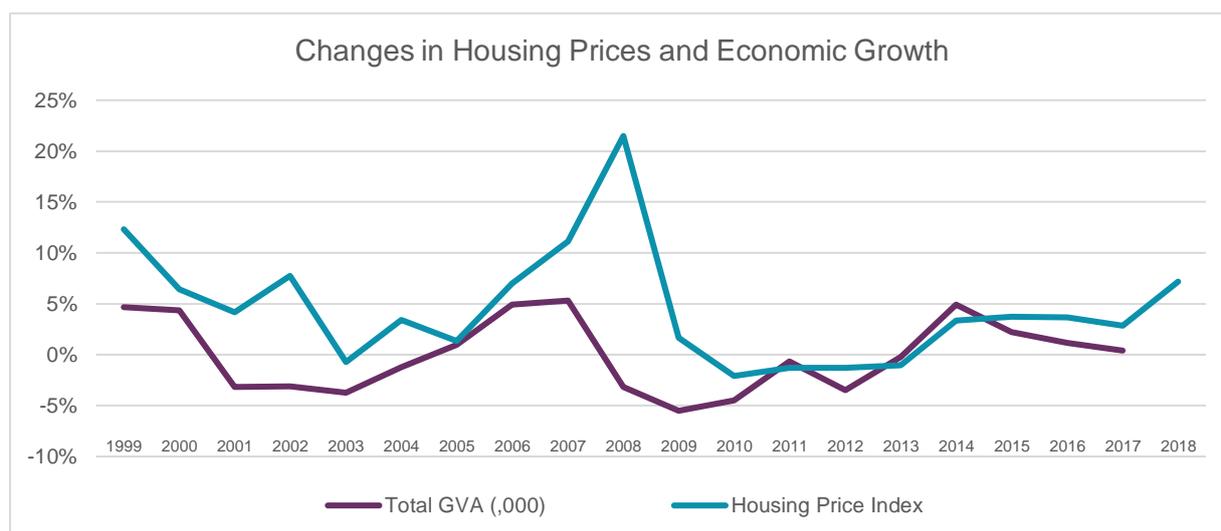
6.3.2. As explored previously, the Jersey house market is primarily the outcome of market-driven forces (i.e. demand led approach) but the GoJ does have a role as a housebuilder and investor (i.e. via JDC, Andium and the Housing Trusts). For this reason, we can assume that market forces have had a direct symbiotic relationship with the housing market, but that other factors have likely also influenced this relationship over time.

6.3.3. In this section, we look at the various drivers against house prices and how some of these drivers have been impacted by the wider market (i.e. demand-led thinking).

6.3.4. Economic Growth

6.3.5. It can be said that the market has largely driven house price outcomes. As indicated by Figure 10⁷⁰, while overall strong, the housing price market has flexed with historic economic shifts.

Figure 10: Changes in House Prices and GVA (1999-2018)



6.3.6. Particularly over the period 2003 - 2006, leading up to the Financial Crisis of 2007 – 2008, positive economic growth expressed by Gross Value Added⁷¹ (in real terms) accompanied positive house price growth, which peaked in 2008. House price growth fell dramatically from +21% over 2007 to 2008 to +2% over 2008 to 2009.

6.3.7. However, this is not to say that the housing market cannot remain resilient to the wider market, at least in the short term. For example, despite overall house price growth ranging from 3 - 7% into 2018, we have seen relatively unchanged economic growth into the last recorded year (2017). There is a possibility that negative economic growth in the future will be accompanied by further house price growth, which may be a result of other forces acting on the housing market.

⁷⁰ Data from National accounts: GVA and GDP and both GOV.je

⁷¹ National accounting metric used by Statistics Jersey as broad economic indicator

6.3.8. But the housing market also affects the economy in less visible ways, such as through the role of confidence. For instance⁷²:

- House prices increase if demand increases, supply decreases, or if people think that prices will continue to increase (a bubble)
- When house prices go up, homeowners become better off and feel more confident. Some people will borrow more against the value of their home, either to spend on goods and services, renovate their house, supplement their pension, or pay off other debt
- When house prices go down, homeowners' risk that their house will be worth less than their outstanding mortgage. People are therefore more likely to cut down on spending and hold off from making personal investments
- Mortgages are the greatest source of debt for most households. If many people take out large loans compared to their income or the value of their house, this can put the banking system at risk in an economic downturn.

6.3.9. Employment and Earnings

6.3.10. The demand-led approach says that house prices rise if people expect to be richer in the future, which happens when the economy is doing well as more people are in work and wages are higher.

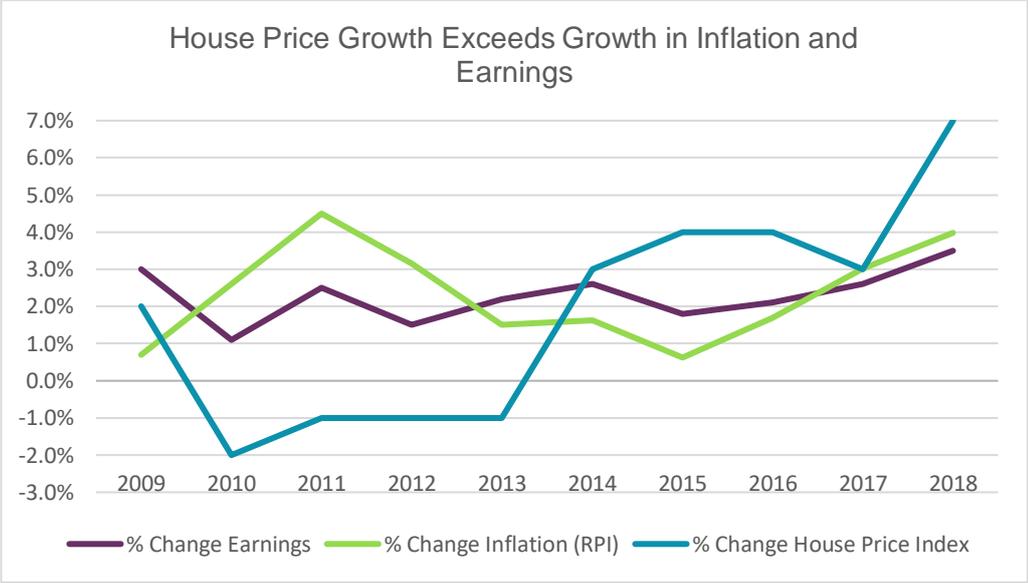
6.3.11. We know that Jersey has seen recent employment levels increase, with positive employment year on year since 2013. The last recorded employment increase was 1.9% (from December 2018). Those sectors with increased employment include high income industries such as finance and legal activities, education, health and other services, and construction.⁷³

6.3.12. The following chart combines the last ten years of index changes of house prices, RPI and earnings in Jersey (via Statistics Jersey) and shows that slowing earnings and inflation growth has been overtaken by house price growth since about 2014. House price growth nearly doubled growth in both earnings and inflation in 2018.

⁷² Bank of England, 'How does the housing market affect the economy?'

⁷³ Labour market statistics, Gov.je

Figure 11: Annual Changes in House Prices, Inflation and Earnings



6.3.13. Population Growth

6.3.14. Demand for housing is determined by population size and changes in population structure caused by migration and long-term changes in the birth and death rates. An ageing population will increase the overall demand for property, as discussed in a separate paper.⁷⁴

6.3.15. As such, the market-led approach says demand for housing may rise if the population is increasing (or there are more single-person households) and will result in higher prices.

6.3.16. In Jersey, population growth does not necessarily imply an increase in effective demand. This is due to the housing qualification system in Jersey, which limits access to housing, linking access to housing to residency and employment. Which means more people living on the island does not equate to more people who are able to rent or purchase qualified housing.

6.3.17. There is currently little evidence available to assess what changes to the population and residential qualification system would do to the housing market in the long run. It is likely that prices would increase in the event that effective demand increases. However, supply decrease may drive lower-earning households out of the market as a result, with resulting implications on the wider economy and or government (via income support).

6.3.18. On the other hand, tighter restrictions on population may decrease or freeze effective demand. Wider implications of such a policy may result in decreased economic activity. As highlighted in the section on Employment and Earnings, when people expect to be richer in the future, house prices increase. The opposite may occur if people know (or suspect) the economy will shrink.

⁷⁴ 'The Housing Market', Economics Online

6.3.19. Limited Supply

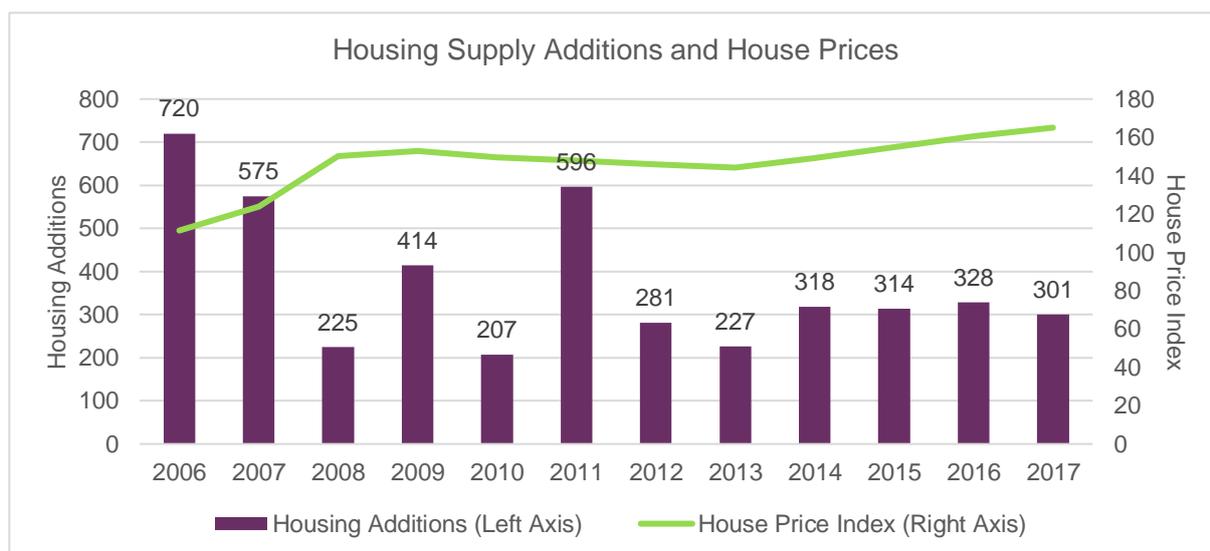
6.3.20. House prices are in some part driven by housing supply, as well as high prices driving supply. Rising prices may encourage house builders to construct more housing, and existing owners may then be encouraged to sell.⁷⁵

6.3.21. Limited supply means larger competition among buyers, and so some buyers may be willing to pay more to buy a home.

6.3.22. Supply since 2013 is falling short of planned provision in Jersey⁷⁶ This is driven by land scarcity and price and adjacent policies by government, among other factors.

6.3.23. The figure below shows that house prices have increased during periods with relatively high housing supply net additions (c. 2006 - 2007) and also during periods with relatively low housing supply net additions (c. 2013 – 2017).

Figure 12: Housing Supply Additions and House Prices



6.3.24. Low Interest Rates

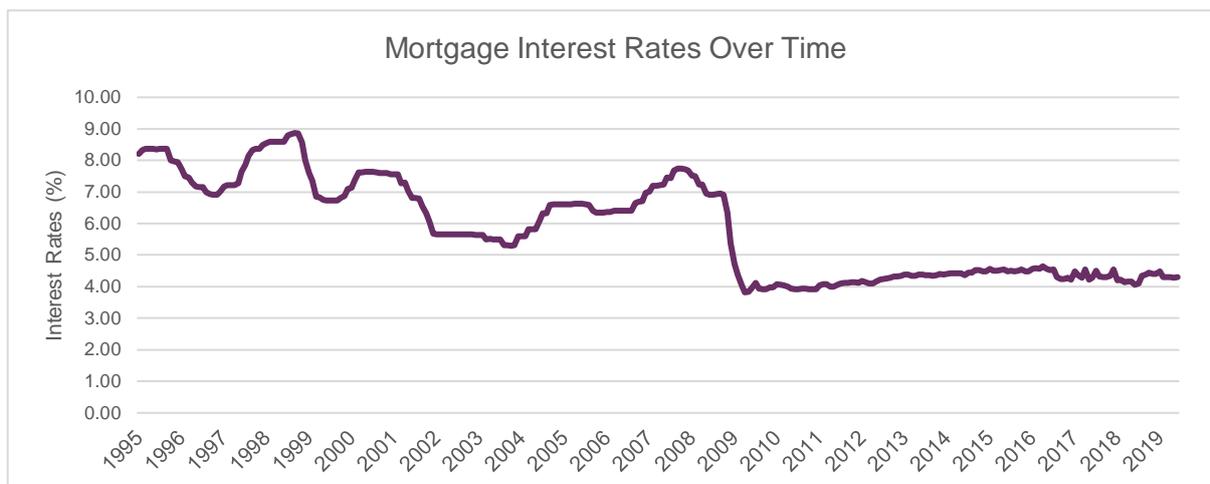
6.3.25. A demand-led approach assumes house prices rise if more people can borrow money to buy houses. This is because when interest rates are lower, the cost of borrowing is lower, creating higher levels of effective demand.

6.3.26. As seen in the figure below, interest rates are currently low in Jersey. Compared to interest rates at c. 7-9% in the late 1990s and c. 6-8% in the years leading to the financial crisis, interest rates have stayed at c. 4% in recent years. Since 2010, interest rates peaked at 4.64% in April 2016 and were at their lowest in 2010 at 3.91%. The most recent figures have interest rates at 4.29%.

⁷⁵ 'The Housing Market', Economics Online

⁷⁶ 'Improve Housing Supply', Future Jersey, Gov.je

Figure 13: Mortgage Interest Rates over Time (Bank of England)⁷⁷



6.3.27. It is anecdotally believed that interest rates could be a contributing factor to keeping house prices in Jersey high because they make borrowing less expensive. In the UK, which is subject to the same interest rate regime as Jersey, the Ministry of Housing, Communities and Local Government found that a 1% increase in interest rates would cause a 3% decrease in house prices.⁷⁸ Consideration should be made regarding the possibility of future increases in mortgage interest rates and the resulting implications on the cost of borrowing, and wider demand.

6.4. The upper and lower ranges of the housing market

6.4.1. We have focused primarily on average house prices, and assumed that on balance, there is effective demand at the middle of the economic spectrum for these products. Below we provide considerations for the upper and lower extremes of the market and their interaction with Jersey's economy.

6.4.2. Jersey's high-end housing market

6.4.3. It is understood that the performance of the housing market in Jersey is also linked to the supply of and demand for relatively expensive, 'luxury' properties, including those available for individuals migrating to Jersey as part of the Jersey High Value residency programme, but also sold to high income groups already resident in Jersey. The top decile income households in Jersey in 2014/15 had a sampled income above £114,600 with an indicative mean income for this group of £187,300.⁷⁹

⁷⁷ Rates used by Statistics Jersey to calculate mortgage affordability, from Bank of England 'Monthly interest rate of UK monetary financial institutions (excl. Central Bank) sterling standard variable rate mortgage to households (in percent) not seasonally adjusted'

⁷⁸ Ministry of Housing, Communities and Local Government (2018) 'Analysis of the determinants of house price changes'

⁷⁹ Jersey Household Income Survey 2014/15. Please note that the survey is a sample survey, so each decile has around 100 households in it and the means/boundaries are subject to sampling uncertainty.

6.4.4. It has been a goal of Locate Jersey to support high net-worth individuals and to maintain a steady stream of demand for these £1.75m+ homes on the Island.⁸⁰ (Knight Frank Jersey Research)

6.4.5. Income support and wider costs of poverty

6.4.6. Research is clear that housing can be a significant factor in driving or addressing poverty⁸¹. 'Getting housing right' by building a sustainable housing market which is affordable has the capacity to help to lift people out of poverty, but 'getting housing wrong', through affordability issues, and quality concerns, could mean increasing or creating poverty.

6.4.7. Further poverty will come with direct costs to the state, including health, criminal justice and benefit costs.

6.4.8. In some cases, costs of housing also create homelessness. Homelessness also comes with social and economic costs. These include the economic loss from unemployment, but also the direct costs for the provision of homelessness and adjacent services by the State. While we understand a number of charitable providers provide homelessness services in Jersey, these services may be compromised if rates of homelessness increase in the future. As referred to in 1.5.4, a review of homelessness in Jersey has been undertaken and a homelessness strategy to be published in early 2020.

6.5. Other Considerations for Policy

6.5.1. The following table presents some possible policy objectives against several potential government interventions as drawn from the demand and supply/needs led approaches.

Table 14: Policy Considerations using Demand and Supply/needs led approaches

Policy Objectives	Interventions	
	Demand / market led	Supply / needs led
<p>Increasing supply <i>With increased supply seen as a de facto good with no further policy objectives</i></p>	<ul style="list-style-type: none"> ▪ Reducing barriers to delivery ▪ Enabling market growth (i.e. through financial institutions) 	<ul style="list-style-type: none"> ▪ Government-led home building for open market tenures
<p>Housing affordability across market <i>In theory seen as a product of increased supply (not always the case in reality) but could also be addressed through price controls</i></p>	<ul style="list-style-type: none"> ▪ Reducing barriers to delivery (i.e. reducing taxation, changing planning requirements, deregulation) ▪ Enabling market growth (i.e. through financial institutions) ▪ Price Controls ▪ Tax incentives for private developers to deliver affordable housing 	<ul style="list-style-type: none"> ▪ Government-led home building in all tenures (introducing competition to control prices) ▪ Government-led building of homes with price control for all residents

⁸⁰ Jersey Residential Market Insight - 2018

⁸¹ Joseph Roundtree Foundation and Altair, Housing and life experiences: making a home on a low income (2018)

<p>Housing affordability for target income groups and/or tenures</p> <p><i>Focussing on creating an affordable market for particular beneficiaries, e.g. first-time buyers, single parents, key workers, the elderly, etc</i></p>	<ul style="list-style-type: none"> ▪ Reducing barriers to delivery for defined affordable housing (i.e. zoning for affordable housing) ▪ Taxation using hypothecation (i.e. ring fencing for affordable housing) ▪ Price controls in certain tenures or home sizes 	<ul style="list-style-type: none"> ▪ Government-led home building for sale or rent (or other innovative tenure) at subsidised rates in certain tenures or for target income groups ▪ Government-led homebuilding for open market tenures to cross-subsidise into other identified tenures
<p>Quality, Tenants' Rights and Placemaking</p> <p><i>Focussed on housing as part of the building block of a community and considers wider social goods that can be delivered through housing</i></p>	<ul style="list-style-type: none"> ▪ Introduction of building standards ▪ Requirements (through planning) or incentives (tax or subsidy) for community facilities ▪ Requirements on private landlords to enforce tenant's rights 	<ul style="list-style-type: none"> ▪ Government-led building with quality standards, tenants' rights and placemaking objectives ▪ Promoting use of Community Land Trusts (CLTs)⁸² and other co-operative structures

⁸² CLTs are community based non-profit organisations (which take on a range of legal forms) which are designed to provide housing that is affordable in perpetuity. The CLT retains ownership of a land and builds out homes to rent or buy that remain affordable.

Appendix 5 | The Policy Options Development Phase

This paper contains details of the process followed by the HPDB to develop a package of policy interventions that seek to address key challenges for Jersey's housing market. It details the policy options that were considered by the Board and the process through which policy interventions were assessed and ultimately excluded from further consideration or included in the recommendations.

1.1 Key Policy Development Considerations from the Discovery Phase

1.1.1 The starting point for the policy development process with the HPDB was to take full account of the key policy considerations that emerged from the Discovery phase. The following policy considerations are drawn from the analysis of Jersey's whole housing market undertaken in the Discovery Phase of Altair's engagement with the HPDB, and formed the basis of the development of the initial longlist of policy interventions:

1.1.2 Housing needs for the ageing population

- While right-sizing policies may increase the supply of available properties in the market, they may not increase effective demand for properties, due to access, tenure or affordability constraints
- That across tenures, the stock of housing is currently unsuitable for older people with increasing need for specialist accommodation
- The potential for 'unlocking' housing capacity through encouraging rightsizing and that this can be linked to policy interventions to support improved housing suitability for older people

1.1.3 Current and future barriers to development

- Land supply acts as constraint for the delivery of new supply
- That planning interventions may be used to enable delivery of new supply
- High land costs act as a barrier for the delivery of housing offered at below market rates (i.e. affordable housing)
- Any interventions that result in decreased demand by one group may be met with policies that increase demand in others so as not to dampen overall confidence in the market
- A potential need for interventions which expand current supply chain for those periods which see delivery happening at a significantly larger scale and simultaneously
- The current and future role of JDC and Andium Homes (i.e. government-owned housing delivery agents)

1.1.4 Policies that address affordability and quality

- To address affordability, consideration should be made on the full range of affordability interventions alongside interventions that increase supply
- Potential to reduce barriers to access to homeownership, such as high deposits

- Interventions that enable high quality, affordable housing to be delivered across a range of tenures to support the recruitment and retention of key workers (considered by a separate project reporting to the HPDB outside of this project)
- Housing quality interventions (including tenancy rights and security) alongside policies to promote affordability
- The full range of options related to fiscal policies that enable access to or raise funds to support affordable housing initiatives
- As demand for housing is partially determined by net inward migration, housing policy interventions that increase supply should be considered within the context of the current or future GoJ migration policy

1.1.5 Modifications or expansion of existing core housing policies

- Current work being undertaken by the GoJ on social housing rent levels, and incorporate recommendations where necessary
- The merits of expanding or standardising a single assisted homeownership product to streamline and simplify policy

2 The Policy Interventions Longlist

2.1 Overview

2.1.1 A longlist of 29 relevant policy interventions was prepared for the September board. The policy interventions included were developed with regard to:

- The challenges that require solutions, as identified in the Discovery Phase of the HPDB's work
- Examples of interventions that have been implemented in other jurisdictions
- Desktop research into policy proposals
- Conversations with HPDB members and with GoJ officers regarding possible suitable solutions

2.2 Policy Interventions Considered

2.2.1 Table 10 below lists the policy interventions included on the longlist. The policy interventions are grouped by the policy objective they seek to meet (i.e. increasing supply, improving affordability, improving quality, and raising capital or revenue to fund interventions), and the approach taken to intervention (i.e. market-led or states-led).

2.2.2 The HPDB were asked to comment on the acceptability of the interventions and apply their knowledge and experience of the Jersey context in order to evaluate each of the proposed interventions. The longlist was presented to the Board alongside a scoring exercise for the Board to decide which policies should be developed in more detail before the October 2019 meeting.

2.2.3 As a result of the meeting, the Board requested Altair to commence more detailed work on a number of potential policy interventions that it had indicated its wish to consider further, and to report to the next meeting.

2.2.4 The policy interventions that were excluded or changed at this stage were:

- *Planning Framework*: Expansion of permitted development rights was excluded on the grounds of likely unacceptability to the general public. Increasing density requirements so that more housing is delivered per site was taken forward.
- *Planning delegation*, to more local communities was excluded on the grounds that it would over-complicate the planning system, require additional resources / costs, and potentially lead to local interests blocking development.
- *Measures to address empty homes* was excluded on the grounds that HPDB members felt that the actual number of empty homes which may be brought into occupation by any reasonable measures would not represent sufficient return for the effort and cost required to implement the policy.
- *Tackling underoccupancy*: whilst incentives for rightsizing ('pull' factors) were agreed by the Board for further consideration, disincentives ('push' factors – such as charging under occupiers a higher rate of Parish tax) were excluded on the grounds of the potential for causing hardship to older people, some of whom are regarded as anecdotally 'asset-rich, but cash-

poor’.

- *Government-led innovation programme* was excluded from further consideration, on the grounds that it would require investment that may not result in new housing supply, and that Jersey was potentially too small to justify the significant level of investment that would be required to make a genuinely effective impact.
- *Investment in Modern Methods of Construction (MMC)* was excluded from further consideration as the Board felt that it was the role of the market to offer MMC solutions, if genuinely more effective (either for cost or delivery) than traditional construction methods.
- *Tax relief / credits for affordable housing delivery* was excluded on the grounds that Housing Trusts already benefit from tax relief, and that private development is understood to be profitable enough, that the idea of providing tax relief to private developers would likely not be acceptable to Jersey residents.
- The *Rent Control* policy intervention included a number of options for the HPDB to consider. The Board agreed that rent caps or freezes be excluded in favour of rent stabilisation measures, which were taken forward for further consideration at the next board meeting.
- *Community Infrastructure Levy (CIL)* was excluded on the grounds that it was both likely to be met with resistance from developers on the Island and be less necessary if policy measures such as a Housing Levy / Affordable Housing Contribution were implemented.
- The *quality standards in the rental sector* policy represented an expansion of the new Rent Safe initiative. It was excluded from further consideration due to the additional resourcing that would be required, over and above the current Rent Safe programme, as well as a desire to reflect on the effectiveness of Rent Safe once it has been in place for some time.
- *Creation of a single rental tenure* was rejected due to the political unacceptability of not having a sub-market social housing tenure on the Island.
- *Community Land Trusts* suffered from similar risks as delegating planning functions to local communities (i.e. nimbyism and lack of GoJ strategic oversight).
- *Increasing stamp duty on property transactions and increasing tax from rental income (for buy-to-let investors)* to fund investment in new housing supply were both excluded from further consideration on the grounds of the likely unacceptability of these policy measures to the public.
- *Land value uplift capture* was considered to be both likely to be met with resistance from developers on the Island and be less effective if policy measures such as a Housing Levy / Affordable Housing Contribution were implemented.

Table 15: Longlist Policy Interventions, their objectives, and how they apply to the demand/market-led and supply/needs-led approaches

Policy Objectives	Interventions	
	Demand- / market-led <i>(Market provides solution, but may be shaped / supported by Government regulation/taxation)</i>	Supply- / needs-led <i>(Government delivers the solution, directly or with and through agencies)</i>
<p>Increasing supply <i>With increased supply seen as a de facto good with no further policy objectives</i></p>	<ol style="list-style-type: none"> 1. Planning framework 2. Planning delegation and authority 3. Measures to address empty homes 4. Incentives for rightsizing / disincentives for under occupying 	<ol style="list-style-type: none"> 5. Government-led innovation programme 6. Investment in modern methods of construction 7. Compulsory Purchase at Existing (or Social) Land Use Value 8. Overarching GoJ strategy for housing delivery on the public estate 9. Delivery of retirement housing 10. Older people's conversions
<p>Improving housing affordability <i>In theory seen as a product of increased supply (not always the case in reality) but could also be addressed through price controls. May be targeted at particular beneficiaries, e.g. FTBs, single parents, key workers, the elderly, etc</i></p>	<ol style="list-style-type: none"> 11. Rezoning land for affordable housing 12. Tax relief / credits for affordable housing delivery / provision 13. Planning gain / housing levy 14. Rent control 15. Government support for ownership 	<ol style="list-style-type: none"> 16. Reducing social rent levels 17. Expanding Government-led supply through cross-subsidy 18. Expand access through the Gateway
<p>Quality, Tenants' Rights and Placemaking <i>Focused on housing as part of the building block of a community and considers wider social goods that can be delivered through housing</i></p>	<ol style="list-style-type: none"> 19. Community infrastructure levy 20. Quality standards in the rental sector 21. Improving security of tenure 22. Encourage the development of an institutional rental sector 	<ol style="list-style-type: none"> 23. Creation of a single rental tenure 24. Community Land Trusts 25. Government provider / managing agent of market rental
<p>Raising capital or revenue to fund interventions <i>The Government either uses taxation or borrowing to fund interventions to deliver either increased supply or affordability support</i></p>	<ol style="list-style-type: none"> 26. Increasing Stamp Duty 27. Increasing rental income tax 28. Land value uplift capture 	<ol style="list-style-type: none"> 29. Government borrowing

3 Defining Policy Packages

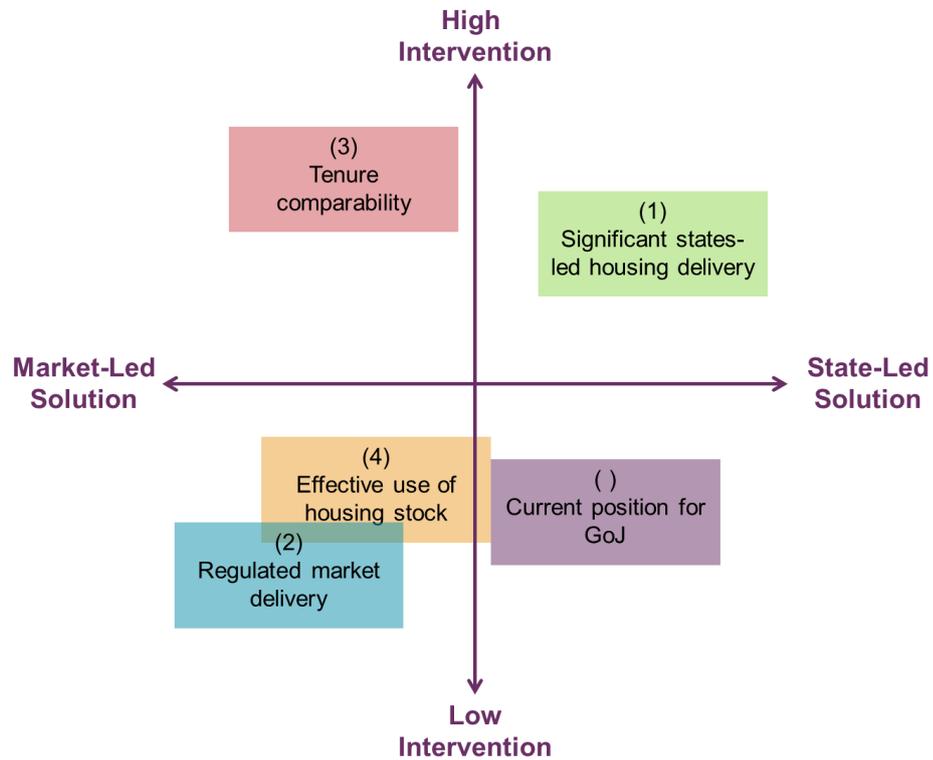
3.1 Overview

- 3.1.1 To illustrate how longlisted interventions worked together to deliver the HPDB's key objectives, the policy interventions from the longlist that the Board felt should be considered further were collected into the following four distinct 'policy packages':
1. Significant state-led delivery: Policies based on a greatly expanded role for the state as a delivery agent
 2. Regulated market delivery: Policies based on regulating the market to improve its performance in delivering the housing required
 3. Tenure comparability: Improving the quality of the rental sector so that it is a comparable offer to owner-occupation
 4. Effective use of housing stock: Making better use of existing residential dwellings to unlock underutilised supply

3.2 About the Policy Packages

- 3.2.1 These packages were designed to represent different approaches in terms of both the level of intervention that is required to implement them, and whether they focus on the State or on the Market as supporting the solution to the problems facing Jersey's housing market. This is shown in the matrix below, where we have mapped each of the policy packages, in comparison to the Government's current approach, which we would characterise as some regulation of the market (for example through the Public Health and Safety (Rented Dwellings) Law), alongside some government building delivering social rented housing (through Andium and the Housing Trusts), market sale housing (through JDC), and a limited amount of shared equity housing through both vehicles.

Figure 14: Levels of intervention and primary actor (market or state) for each policy package



3.2.2 The HPDB were asked to consider each of the four policy packages, identifying any additional packages they would wish to consider, and to indicate which if any package(s) were preferred by the Board.

3.3 Output of the October 2019 Board Meeting

- 3.3.1 The HPDB agreed to combine a selection of policy measures from each policy package to create a new package. This new single policy package was characterised by a significant GoJ-led building programme, with measures to encourage market delivery, as well as policy measures to improve tenants' rights.
- 3.3.2 The resultant policy package was taken to a full-day workshop session on October 29th, for the Board to spend more time considering and refining the preferred policy package.

4 The HPDB Workshop (29th October 2019)

4.1 Overview

- 4.1.1 The HPDB Workshop provided the Board with the chance to explore the policy interventions being proposed in more detail and with consideration to the package as a whole, and to rate each intervention individually based on its suitability, feasibility, and acceptability.

4.2 Workshop Programme

- 4.2.1 The HPDB were presented with the draft 'Government Leadership' Policy Package (GLPP) at an all-day workshop on 29th October 2019.
- 4.2.2 The workshop began with a presentation of the suggested policy interventions in the GLPP. The policies within the package were presented as being interventions that work together as a system.
- 4.2.3 Policy interventions were categorised according to their role in the wider policy package; some policy interventions were 'enablers' for other 'delivery' policies that were focused on new supply. 'Existing housing' policies focused on making use of existing stock to ease requirements for new supply, and policies designed to 'improve rights' and reform rents for tenants fed into both existing housing policies and influenced the potential to fund some of the new delivery policies.
- 4.2.4 Following the overview of the draft GLPP, the HPDB were presented with case studies and lessons from different jurisdictions which were relevant to policies in the package.
- 4.2.5 The Board was then split into groups to assess the suitability, feasibility and acceptability of policy interventions presented in the draft GLPP.

4.3 Suitability, Feasibility, and Acceptability Assessment

- 4.3.1 The groups rated each policy intervention on its suitability, feasibility, and acceptability (SFA). Each small group then reported back to the whole Board and officers, with each policy intervention discussed in turn, with a consensus score agreed.
- 4.3.2 Based on the SFA analysis and discussion, the following policies were excluded or significantly changed:
- *Compulsory purchase at sub-market value*: The Board agreed that given the acceptability and feasibility challenges with the implementation of this policy, it should be excluded from the next iteration of the policy package. It was felt that whilst compulsory purchase powers were important, the existing powers to compulsorily purchase land and property at fair market values were sufficient to enable the key delivery policy interventions.
 - *Conversion, In-fill and Airspace*: The SFA scoring for this policy intervention was pulled down by low scores for in-fill development and airspace. It was agreed to exclude these from the next iteration of the

policy package. On conversion, members suggested that new legislation would not be required to encourage conversion of existing large dwellings and that existing planning regulations could be used to enable the conversion of larger residential properties, into multiple homes.

- *GoJ Managing Agent:* The Board felt that the potential impact (suitability) of this policy measure may not be significant enough to justify the investment in establishing either a new GoJ-owned agent to manage private rental homes on behalf of other landlords, or diluting Andium's core operational focus of affordable housing provision. The Board agreed that this should be excluded from the next iteration of the policy package.

4.3.3 Based on the SFA analysis and discussion, the following policies were altered:

- *GoJ Borrowing and Cross-subsidy:* Members expressed a desire for any GoJ borrowing to fund housing development to be linked to income streams from new housing to repay loans, rather than repaying loans from other revenue sources.
- *GoJ provision of market rental accommodation:* In reaching its decision to include the provision of market rental accommodation in a GoJ-led development programme, the Board agreed that the GoJ had a role to play in encouraging, through competition, the improvement in the affordability and quality standards in the market rented sector on the Island, but that this should not detract from the delivery of new affordable homes.

4.3.4 The resultant policy interventions were expanded upon to form the basis of the updated GLPP that was subsequently presented to the HPDB in December 2019 and is covered in Section 5 of this report.