

**WRITTEN QUESTION TO THE MINISTER FOR PLANNING AND ENVIRONMENT BY DEPUTY
G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 13th MAY 2008

Question

Does the Minister accept that the findings of the Housing Needs Survey 2007 recently published by the Statistics Department are the most rigorous ever produced and form a sound basis for the planning and delivery of homes in the coming years?

Answer

The recently published Housing Needs Survey is the latest in a series of surveys aimed at establishing potential housing requirements, based upon peoples expressed aspirations. With each survey refinements have been made to improve the value and accuracy of information obtained, and the findings of the 2007 survey are the best indication to date of potential housing requirements. As such they will be invaluable in informing major pieces of work such as the Island plan review, shared equity 'Homebuy' and the retirement homes proposition.

The Statistics Unit conducted and analysed the survey and is very pleased with both the level of response and quality of the information received. The survey is the most rigorous so far, in terms of:

- Accuracy: This is due to the fact that it had a very high statistical sample of just over 10,000, and a superb response rate of 56%;
- Representation: The survey had a very good response rate from across all tenures;
- Issues Explored: The survey not only detailed supply & demand analysis in terms of type, size and tenure of dwellings but also: affordability, first-time buyers'; and older persons' housing

It must be remembered when using the survey results that they represent a snap-shot in time. The aspirations of households in late 2007 may alter, due to changing economic circumstances or households changing their minds, so they will need regular monitoring and review. For the time being, we will need to decide what needs to be done to meet these aspirations, some of which may not be realistic given some households' current size or income levels.

Will the Minister explain to members why the potential shortfall in 2, 3 & 4-bedroom accommodation, first identified in 2004, has not been properly addressed by his department resulting in an increase of two-thirds in the shortfall? Does the Minister accept that this failure has contributed substantially to the unsustainable price rises in this sector?

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Answer

It is important to recognise that the planning system sets out, through the Island Plan process, to ensure sufficient land is available to meet future housing requirements of all types.

To date planning policy has only attempted to control the size of units for need housing. The size of homes provided in private developments is generally dictated by the market, and the Department has no powers, under current planning policy, to prescribe the type of homes the private sector provides.

The Department does not accept that the Planning Department has failed to address the shortfall in family homes provision identified in the 2004 housing needs survey, nor that such an alleged failure led to the potential shortfall identified for the next five years.

The 2004 housing need survey identified a total requirement of 2400 homes in the qualified sector over the period 2005 to 2009 (based on a net annual in migration of 200 households per year and the housing qualification period reducing to 10 years). The indications are that the overall supply of new homes has been generally sufficient to meet the identified overall requirements for new homes. If we combine the net completions of new homes between 2005 and 2007 with homes under construction at the end of 2007 it totals some 2500 and this took no account of other outstanding permissions which had yet to commence.

Regretably, there are no accurate figures on the size of homes completed or under construction during that period. However, 'Planning for Homes 2006' did look at a sample of completions from 2005 and the first half of 2006, which indicated a good spread of 1-, 2- and 3- bedroom completions. However, it also revealed the prominence of completion of 1-bed homes (boosted by the completion of the Spectrum development) and the limited number of 4- and 5-bedroom family homes completions. A similar exercise was carried out in the same document for outstanding commitments as at mid-2006. This indicated healthy supplies of 1-, 2- and, notably, 3-bedroom homes in the pipeline. Again, there were only limited numbers of larger 4- and 5-bedroom homes amongst the outstanding commitments.

In the light of the above, it would appear that any shortfall in provision for previously identified housing requirements for the period 2005 to 2009 is likely to be concentrated in the larger 4- and 5-bedroom family home market.

It is important to recognise that the current housing needs survey looks into the housing requirements over the next 5 years from 2008 to 2012 and this reflects changed economic and political circumstances and the different and changing aspirations of those surveyed. It is too simplistic, therefore, and incorrect to imply that the identified requirements for different sizes of homes over the next 5 years represents a failure of the planning system to provide for such homes in the previous 5 years. It is more likely that the majority of the newly identified requirements represent new demand.

The previous round of the housing need survey was conducted in late 2004 and had followed 18 months which had seen falling employment as well as several years of real term fall in the Island's economic performance.

The latest round (late 2007) has come after two years of increased employment (especially for locally-qualified people), average earnings increasing faster than inflation and strong real term growth in the economy. It was for this reason that the need for a new housing needs survey was identified in order to capture these changing circumstances.

It is true that the shortfall has increased compared to previous round of the survey. However, the increase in the

shortfall and in the price of owner-occupier properties is more likely to be a reflection of improved economic circumstances, changing demographics, changing market conditions and increasing confidence among potential buyers in the Island, than a lack of supply in previous years.

The latest housing need survey included questions related to shared equity Homebuy schemes and this may well have led to an increased demand from potential first time buyers who would otherwise not have contemplated home ownership as a realistic option in previous surveys.

It is also interesting to note that recent average building rates for the period 2005-2007 are around 595 units per annum, which compares very favourably with the long term average rate (1986-2004) of 410 units.

Does the Minister accept the findings of the survey of an over-supply of 1-bed flats in the (under-55) market? Further will he inform members what number and proportions of 1-bed accommodation units are under construction or have planning permission for 2008 and 2009? What measures will the Minister take to address this issue?

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Answer

It is true to say that a *potential* surplus of 1-bed units has been identified, but this is dependent on the complementary availability of larger units. Some of those wishing to move from 1 bedroom accommodation may for example be on lower incomes and unable to move to larger accommodation. Some of these households may be able to take advantage of the proposed Homebuy scheme being put forward by the Planning Department and soon to be debated in this house.

It is difficult to anticipate precise numbers for permissions of 1 bedroom accommodation that will come forward over the period 2008-9. This is due to the fact that future applications cannot be predicted, whilst some applications have not yet been determined. However, taking preliminary figures from the end of 2007 there were a total of 1031 homes with outstanding permissions and an additional 739 homes were under construction. The detailed analysis of these gross numbers has yet been completed by the department and so specifics on the breakdown of 1 bedroom accommodation cannot be given at this time. However, looking at recent trends, approximately 40% of all new housing has been for 1 bedroom accommodation and 60% for 2 bedroom and above.

In the past the planning department has only applied a tenure mix policy to those sites which have been specifically zoned for 'Category A' housing, in order to ensure that the right type of need accommodation was being built. This mix had been based upon previous housing needs survey information and the requirements of the Housing Department for social rental accommodation. As stated above, for all private sector accommodation approved by the planning department, it is the market that has decided what tenure and size mix to apply to each individual site.

The review of the Island Plan will look into potential future policies that could address this situation, in order to encourage the private sector to apply suitable tenure and size mixes to new developments to more readily reflect identified demand.