

STATES OF JERSEY



ISLAND PLAN 2011: APPROVAL (P.48/2011): TWENTY-FOURTH AMENDMENT (P.48/2011 Amd.(24)) – COMMENTS

**Presented to the States on 20th June 2011
by the Minister for Housing**

STATES GREFFE

COMMENTS

This amendment is in 2 parts.

Part 1 – Jersey Homebuy

The amendment calls for all references to ‘Jersey Homebuy’ in the plan to be replaced with the words ‘a shared equity scheme established by law’.

First of all I think that it is worth being clear about the terminology being used as it is not clear what type of scheme it is proposed should be established by law. It is assumed that the amendment is actually suggesting that a ‘Shared Ownership’ scheme be established, whereby an actual share in the ownership of the land, bricks and mortar will be retained by the public or a developer. Such schemes are quite common in other jurisdictions.

Shared Ownership would require a change in the law in order to address how property in Jersey is hypothecated.

I will not be supporting this amendment for a number of reasons.

1. Drafting, debating and passing the necessary change in the law will likely take a number of years.
2. Removing Jersey Homebuy from the Draft Island Plan now without a replacement, such as Shared Ownership, would undermine the delivery of the affordable housing proposed in Policy H3.
3. There is no evidence, indeed no legal opinion was obtained during the PAC review of Homebuy which suggested, that legislation is actually required in order to facilitate ‘Shared Equity’.
4. There is no evidence of a demand for ‘Shared Ownership’.
5. There is no evidence that lenders would entertain ‘Shared Ownership’ other than with significant involvement from the States which might have to extend to the States underwriting the scheme.
6. No consideration has been given to –
 - a. Who will administer the scheme?
 - b. Will occupiers pay rent on the portion of the home that they do not own (as is common elsewhere)?
 - c. Who will maintain the home?
 - d. Who will insure the home?
 - e. What happens if the property is not maintained?
 - f. What if a buyer defaults on mortgage or rent payments (if the latter are to be paid)?
7. Homebuy was a pilot and is presently the subject of a review by the Minister for Planning and Environment with a view to establishing revised scheme rules and guidance which will be brought back to the States for review, debate and approval. To remove reference to the scheme from the plan is at this stage

premature and should await that new States debate where we can properly examine the new guidance.

8. Reviewing 3 – 6 inclusive above would involve significant officer time and legal input. Contrary to what is suggested in the amendment this will clearly create significant financial/manpower implications for the States. These could be very significant if it transpires that the States must administer or somehow underwrite or guarantee the scheme.

Part 2 – Life Long Homes

The amendment proposes to raise the age at which someone can occupy a life long home to 65 from 55.

In the accompanying report it is suggested that setting the age at 55 has been a sop to developers and more to do with downsizing than people's actual needs. I disagree and would suggest that it is actually about giving people choices.

It is of course well documented that the average age of retirement in Jersey is just 58 years.

It is not prescribed that people of 55 years of age have to move into a life-long home at this stage in their life but they do at least have that choice if their personal circumstances are such that they would like to do so. Accepting this amendment would remove that choice from a significant number of people aged between 55 and 64.

We rely on developers delivering market homes in order to develop our affordable housing. In 2008 the States made a decision to rezone land in response to housing needs (P.75/2008). The majority of the proposed homes were life-long homes. Forty-five percent would have been for social rented housing and 55% for people over 55 wishing to downsize. In so doing the States acknowledged the benefit in getting people who were likely to be underutilising their family home to release it into the market and to have the opportunity to acquire a home of a more appropriate size which might be cheaper to run and more adaptable as their needs change as they get older. Every family home released back to the market in this way is one less family home that we have to build on our precious land resources. It is a fact that only 1 of the sites zoned in 2008 has been developed, that was the Parish scheme in Trinity which was exclusively for social housing. The remainder of the sites have not been developed, largely because in order to fund the developments, developers need to be able to sell the market housing. The current difficulties in the housing market means that the numbers of people over 55 who are in a position to buy is less than in 2008. This proposition would simply compound that problem by further limiting the pool of available buyers for the market housing to those over 65 only. There is then significant potential that developers will seek to change the classification of the homes on the site to appeal to a wider pool of buyers, using the affordable housing delivery as significant leverage against the Minister for Planning and Environment to make that decision. As I have said, without the market housing being developed and sold the social rented homes will not be delivered.

Our social housing allocations criteria are such that, with our existing portfolio, we cannot provide homes for single persons or couples under a minimum age of 50 years unless they have children or some medical or other specific need. The 55 year age

limit on life-long homes was set mindful of the allocations criteria. Raising the qualifying age to 65 as proposed would limit the ability of social housing providers to assist those in need of social rented housing who are between the ages of 55 and 64 just on the grounds of an inappropriately arbitrary age limit.

I will not be supporting the amendment.