



Environment, Housing and Infrastructure Scrutiny Panel

Affordable Housing: Supply and Delivery

Witness: Managing Director, Jersey Development Company

Tuesday, 13th July 2021

Panel:

Connétable M.K. Jackson of St. Brelade (Chair)

Connétable J.E. Le Maistre of Grouville (Vice-Chair)

Deputy I. Gardiner of St. Helier

Panel Adviser:

Ms. J. Alderman

Witness:

Mr. L. Henry, Managing Director, Jersey Development Company

[13:33]

Connétable M.K. Jackson of St. Brelade (Chair):

Welcome, Lee, with the Jersey Development Company hat on. For the record, I am Mike Jackson, chair of the panel.

Connétable J.E. Le Maistre of Grouville (Vice-Chair):

Constable John Le Maistre, vice-chair of the panel.

Deputy I. Gardiner of St. Helier:

Deputy Inna Gardiner, member of the panel.

The Connétable of St. Brelade:

We have our adviser, Jane Alderman, who will contribute during the meeting as well. For the benefit of the public listening, by way of an introduction to explain the purpose and role of the Jersey Development Company, could you briefly summarise your role as a States-owned organisation and particularly in relation to its involvement in housing development?

Managing Director, Jersey Development Company:

Thank you, Chair. Jersey Development Company is a 100 per cent Government-owned entity. We are, effectively, the property development arm of the Government of Jersey. We are charged with completing the developments of St. Helier waterfront, as well as regenerating surplus government-owned sites from time to time, as agreed by the Regeneration Steering Group.

The Connétable of St. Brelade:

What are your business projections for the delivery of new homes by J.D.C. (Jersey Development Company) during the lifetime of the draft bridging plan, which we are about to receive and how many of these do you anticipate will be affordable homes?

Managing Director, Jersey Development Company:

We have a development project under construction at the moment with Horizon on the waterfront. We have got 280 apartments that are under construction and will be completed during the bridging plan period. We are also in the process of submitting a detailed planning application for the redevelopment of the former government offices at South Hill. Presently we are programming for 153 homes to be delivered on that site.

The Connétable of St. Brelade:

What planning-related challenges and/or barriers to development have you experienced, if any?

Managing Director, Jersey Development Company:

There are significant lead-in times on all of these projects from initial assembly of the design team to the eventual design process, the planning approval processes and then the physical delivery of the product. We work on a 4 to 5-year timeline for the delivery of these projects from a standing start. The planning process is a key element that will, ultimately, result in a successful or a failed application. We carry out extensive pre-application engagement with the Planning Department and with the Jersey Architecture Commission. There is also on the projects that we are delivering, both at South Hill and on the proposals for the wider waterfront area, significant public engagement pre

that planning submission being submitted. We have got the pre-application processes and then you go through the formal approvals when the application is lodged with Planning.

The Connétable of St. Brelade:

What challenges do you see arising for J.D.C. from the requirements to introduce new design standards and environmental features, including carbon reduction requirements?

Managing Director, Jersey Development Company:

As an example, Chair, we are reviewing the designs at the moment on South Hill and we are targeting those buildings achieving BREEAM outstanding and also we are trying to ensure that they achieve passive house accreditation. That is still a work in progress but we are very focused on minimising the energy and the use on these completed buildings. We are also assessing alternative products to be introduced in the fabric of the buildings in order to reduce the in-built carbon on these new developments as well.

The Connétable of St. Brelade:

What problems would you anticipate with a planning policy that required a percentage of all homes on site to be affordable?

Managing Director, Jersey Development Company:

The developments that we are undertaking, and in particular the wider waterfront proposition, there is extensive public infrastructure and public realm to be delivered alongside those new residential units. Fundamentally, the project has to be self-funding; there is not going to be any support from Government in the delivery of those products. We need to balance the financial equation and ensure that the feedback that we have received to date from the Islanders that have participated in the consultation is that they want to see a destination waterfront, a mixed use and vibrant waterfront, a landscape-led waterfront, recognising that there will be a need for significant residential accommodation but, importantly, they want the activation of the ground plane and the balance between the open space and the built space. All of those new parks and gardens, the new cultural and sport and leisure facilities, ultimately need to be funded. It is the profits from the residential and the commercial components of that scheme that are going to finance what we term the public infrastructure. It is a balance that we are still working our way through in order to determine how we can support the delivery of affordable units.

The Connétable of St. Brelade:

On balance a trade-off really, is it not?

Managing Director, Jersey Development Company:

It is, Chair, yes.

The Connétable of St. Brelade:

Does the planning system process slow development delivery and, if so, what changes would you like to see?

Managing Director, Jersey Development Company:

As I have referenced earlier, Chair, we do engage early with Planning on our proposals and to date that has stood us in good stead with regards to the actual receiving approval and enabling us to move forward. Ultimately, it is working alongside the department in order that we deliver within their expectations and an adherence to policy.

The Connétable of St. Brelade:

Given that political moods could change in the 4 or 5-year period of a development, how can you mitigate the challenges that will inevitably arise along the way?

Managing Director, Jersey Development Company:

On an individual project, obviously once that consent is granted and the approval received, then we are in, ultimately, a strong position in terms of realising that development. It is very difficult to then alter plans later down the delivery track. With regards to the wider waterfront area that is going to be delivered over a 10-year period, obviously there can be changes in the membership of Government at those points. We are looking at applying for an outline planning application, an outline permit across the entire site, and that will then allow us to then develop that proposition out in phases over that time period.

The Connétable of St. Brelade:

Just to focus on the affordable housing element, is there a target of something like, shall we say, 50 per cent, given that you have got to make the whole business case stack up? There must be, shall we say, the rear of a property, such as South Hill, which will be of lower value due to the situation than the front with a view? Do you try and factor those areas of a development in to achieve an acceptable amount of affordable housing?

Managing Director, Jersey Development Company:

What we have done, Chair, is on College Gardens obviously we were required under the development brief and under direction from the Regeneration Steering Group and the Minister for the Environment at the time to deliver a set proportion of affordable units. On that particular development we had 187 apartments, of which 40 were affordable rent and 40 were shared equity to eligible first-time buyers that had qualified through the Housing Gateway. We have also on our

open-market units supported first-time buyers by allowing them to reserve their unit with just a £2,000 reservation fee and then a staged payment of the 10 per cent deposit over the build period. We have enabled in the order of 150 first-time buyers on to the property ladder through that arrangement. Going forward we are looking at ways in which we can further support home ownership and first-time buyers and we are working with our shareholder and the Minister for Housing and Communities to establish how we can support that in line with government policy. I think there is a clear differential, shall I say, between the remit of Andium Homes, for example, and the remit of Jersey Development Company? The affordable delivery is being primarily met by the activities of the other Government arm's length entity, Andium Homes.

The Connétable of St. Brelade:

Do you think the target delivery of 2,650 open market and 1,500 affordable homes before 2025, as outlined in the draft Island Plan, is sufficient?

Managing Director, Jersey Development Company:

I think, Chair, that is ultimately dependent on the position with regard inward migration. Obviously those numbers have been determined by the objective assessment of housing need based on certain number of net inward migration. Providing those numbers are sort of met and adhered to, I presume the calculations have been correctly performed and that number will be correct.

[13:45]

The Connétable of St. Brelade:

Do you think it is achievable?

Managing Director, Jersey Development Company:

In terms of the achievement, I think that the affordable element, the 1,500 affordable units, are very much achievable. As referenced on Table H1 of the draft bridging Island Plan, there are 625 affordable units that are currently under construction. There are a further 450 units that are proposed to be provided on the rezoned sites and there are a further 425 units that can be delivered within the town from approved housing provider sites. I think since this table has been produced then there may be other developments that have been permitted in the interim, for example, The Limes. I do not know whether this table also takes account of the recent arrangements between Andium and a third-party provider that are looking at delivering I think in the order of 400 units on some current hotel sites within St. Helier, the Mayfair, Apollo and Revere and Stafford hotels are delivering another 405. In our opinion, the affordable content will be achieved by the end of 2025.

The Connétable of St. Brelade:

What do you have, if any, on the split of open markets versus affordable? We have got 2,650 versus 1,500 at the moment; do you think that is the correct proportion?

Managing Director, Jersey Development Company:

Again, Chair, I have not analysed that in detail and I would refer to the objective assessment of housing need to determine that split. But I think there is, ultimately, at present a significant supply/demand imbalance in the residential market, a significant shortage of stock in the open market, and the open market figures are less certain than the affordable within the bridging plan.

The Connétable of St. Brelade:

Given that it is easy to talk about these numbers but the reality is constructing them is more challenging, what capacity does Jersey's construction sector currently have, both in terms of labour and skilled operatives, to meet these targets for new homes?

Managing Director, Jersey Development Company:

I think it is widely known that the market at the moment is extremely busy. To deliver the Horizon project, Jersey Development Company introduced a new main contractor to the Island in the form of Group Legendre, which is the tenth largest construction company in France, with a mind to the future in terms of the Island's capacity and requirements going forward. During the last recession we did lose 2 or 3 main contractors and it was important that we had a strong pool of main contractors going forward. On the delivery side, a number of the projects that we have been involved in, and that other developers and contractors have been involved in, do rely upon off-Island subcontractors, not only to supplement the local capacity but also there may be specialist elements to the builds that require an off-Island specialist subcontractor to be parachuted in. A number of these projects, if I take the I.F.C. (International Finance Centre) as an example, our I.F.C. 1 and I.F.C. 5, the entire superstructure and envelope of those buildings were provided by off-Island subcontractors. They are present on the Island for the period within which their work package is on site and then they depart. That has been a way to, as I say, increase the capacity of the Island and has been successfully deployed on previous deliveries.

The Connétable of St. Brelade:

Are you aware of how that labour has been accommodated in the Island, which is another problem of course?

Managing Director, Jersey Development Company:

I believe they are accommodated within hotels, within some of the hotel accommodation and obviously they enter into long-length deals with those hotel operators. To date, there has not been any difficulty in accommodating those overseas workers.

The Connétable of St. Brelade:

We are in this post-Brexit phase, do you anticipate issues with supplies or increased cost of materials which would impact on the delivery of your projects? We are hearing of 30 per cent increases in steel prices, similar for timber and a scarcity of glass on the Island. What effect will that have on your projects, do you think?

Managing Director, Jersey Development Company:

Ultimately, the viability of these projects is paramount and we assess the viability of those proposals as we go through the various design stages. Ultimately, we are reliant on main contractors to build out the product and we will tender those builds as and when we are ready in terms of the development on the design, et cetera. But we will not enter into those contracts until we are satisfied that the project is ultimately viable. We are keeping a very watchful eye on these developments. As you say, there have been significant increases reported on raw materials and that will translate into high build cost. We are very cognisant that across the world there seems to be stimulus packages and infrastructure projects, whether it be China, the U.S. (United States), Europe, the U.K. (United Kingdom), all Governments are looking to stimulate their economies on the back of the pandemic and raw materials are now in short supply.

The Connétable of St. Brelade:

Do you anticipate this being a spike or will it be long term, this general price increase in raw materials?

Managing Director, Jersey Development Company:

We do not know at this juncture. I think the demand we anticipate being a spike but whether the reduction over time will bring prices back down is yet to be seen. I think it is too early to say at this juncture.

The Connétable of St. Brelade:

That takes me to modern methods of construction. Have you considered these and, if so, in what form?

Managing Director, Jersey Development Company:

We are giving consideration to these. On the Horizon site, for example, with the French main contractor, we have got an in-situ concrete frame that is being delivered on that development by around 40 off-Island subcontract labourers. There are differences between construction methods that could be deployed on houses versus apartments, so we are very conscious that on a multi-owned apartment building these buildings will be present for hundreds of years. They will not be

redeveloped and, therefore, we have got to ensure that the product is right from a longevity perspective, from a fire perspective, and an acoustic and insulation perspective. We are working through and assessing the opportunities for modern methods of construction and designing for assembly and modular construction. I think the other side that Jersey has working against it is obviously the cost of transportation and a lot of the modular builds in the U.K. with pods and volume, that when it comes down to the economics of then shipping out to Jersey some of the positives can be outweighed by the additional transportation costs. It is something that we are assessing and we are looking at ways in which we can deliver this additional number of units over the period.

The Connétable of St. Brelade:

Do you consider that it would only work over a certain scale?

Managing Director, Jersey Development Company:

There is a scale point, Chair, particularly on the waterfront where we are proposing 1,000 new homes over a 10-year period, there will be discussions in due course to be had on the procurement side and looking at the bulk purchasing opportunities that come through with that number of units, so that is certainly something we will be assessing in due course.

The Connétable of St. Brelade:

Moving to your relationship with Government, how do you think they can address or incentivise the supply of new homes?

Managing Director, Jersey Development Company:

I think the bridging Island Plan clearly highlights the need and references that over the last plan period I think we have had an undersupply of 1,800 homes. The way that we are interacting with the shareholder and with Government, and I am sure the same is for Andium, is very much a focus on delivery. We are targeting over the next 10 years delivering between 1,000 and 1,500 units. We know that Andium are targeting delivering over 3,000 units. I think Government, and certainly with its arm's length entities, are doing their part in terms of supporting the supply of new homes. Yes, that is the focus and we are co-ordinating with Government to realise that.

The Connétable of St. Brelade:

What is, in your opinion, the core driver of the affordability problems in the housing market at the moment?

Managing Director, Jersey Development Company:

Ultimately, the supply/demand imbalance is driving prices northwards and you regularly hear properties exceeding asking price in terms of what is eventually obtained and I think we need to

address the supply. But, as I say, that cannot just be turned on overnight, so it is something that we need to be working on from now to ensure that that demand is met.

The Connétable of St. Brelade:

Focusing on the affordable sector, are there any actions that the Government of Jersey could take to improve the situation?

Managing Director, Jersey Development Company:

I think there has been a review of options that are available and I think those discussions and considerations are with Government to determine what could possibly be introduced. Ultimately, my view is that the supply needs to be addressed and we, as an entity, are focused on trying to attract as many first-time buyers and owner-occupiers to our developments as we can. I think there are some considerations that Government has within the Housing Board's report for consideration.

The Connétable of St. Brelade:

What is your understanding of how the Island's public estate strategy will contribute to the provision of affordable housing by the release of Government-owned sites?

Managing Director, Jersey Development Company:

There are a number of Government sites that are currently either included within their health service or within their office estate and the delivery of the new hospital and the delivery of the new office headquarters for the Government will release a number of sites.

[14:00]

My understanding is that those sites have been identified by Property Holdings and there is a timeline being attached to those sites as to when they may be available for redevelopment. I think it is about having early sight of those opportunities and ensuring that the planning and design processes on those sites that are to be released can start 2 or 3 years before the release date, so that at the point that those sites become vacant, literally the contractor can start on site, otherwise you end up in a delay. That is something that I know Property Holdings are working on and, as I say, a number of those sites currently still in use will only be freed up once those strategic developments have been taken forward.

The Connétable of St. Brelade:

Have you had much engagement with Government on this strategy?

Managing Director, Jersey Development Company:

Yes, we have. Ultimately, it is Government's strategy, it is looking at their estate but certainly with regards to identification and release of assets, we have discussed those with Government.

The Connétable of St. Brelade:

Has any discussion been had with regard to providing more affordable homes from those sites? Has that been a suggested condition from Government?

Managing Director, Jersey Development Company:

I think there is an analysis that has previously been undertaken on which sites could yield affordable homes. If we take South Hill as an example, the development brief for South Hill identifies that as being a prime site and that its focus should be on the open market in order to maximise returns. But a number of the other sites have been identified previously as delivering affordable accommodation, such as the Summerland site, for example, that is currently under construction, adjacent to the ambulance station.

The Connétable of St. Brelade:

You could say that Jersey Development Company's role is principally to regenerate; what role really do you think you can play in the provision of these affordable homes? Is there a conflict with your core regeneration role?

Managing Director, Jersey Development Company:

I think there is a balance. Ultimately, if there was a pure affordable housing delivery requirement on a site, then obviously the Government has its other arm's length entity, Andium Homes, that could deliver on that basis. Equally, if there is a mixed-tenure site, as we ended up with at College Gardens, then that is a delivery that Jersey Development Company is willing and able to carry out. A number of the sites may incorporate other elements of public infrastructure, again, that Jersey Development Company would be willing to deliver on behalf of Government.

The Connétable of St. Brelade:

You partnered with the Jersey Homes Trust at College Gardens, have you got future plans for J.D.C. to partner again with them or other affordable housing providers for the delivery of social-rented homes?

Managing Director, Jersey Development Company:

Not at present, Chair. If we are asked to deliver affordable rent properties, then that will be a discussion that we will have with the various trusts and providers at the time. When we started those discussions with the Jersey Homes Trust, Andium had not yet been formed and so it was still the former Housing Department and so we entered into those negotiations with the Jersey Homes Trust.

But going forward, obviously Andium Homes may be also interested in acquiring product that we may produce.

The Connétable of St. Brelade:

Moving towards the Island Plan once again, in your view, how might the rezoning of land contribute to the timely delivery of affordable homes? Do you think the sites identified for zoning for affordable housing are the right ones?

Managing Director, Jersey Development Company:

As I referenced earlier, we need to be allowing 4 to 5 years for the delivery of these developments and 5 years is for your very large apartment schemes; your housing schemes may be delivered within 3½ to 4 years. Assuming that those rezoned sites are approved, it is then down to the landowner to agree an arrangement with the developer and for that developer to then draw up plans to realise those new units of accommodation and then build out the product. The delivery time, it can be delivered within the timeline but, as I say, it requires the landowners themselves to be in agreement with those proposals and also the Parishes within which they are located. Assuming that those discussions have taken place and that the bridging Island Plan is approved with the rezoned sites included with a willing landowner to redevelop, those can be realised within the period.

The Connétable of St. Brelade:

Do you think there are any other policy interventions or actions that could be done to promote the further development of affordable eco-friendly homes generally and specifically to your development company?

Managing Director, Jersey Development Company:

All of our profits that we realise on our developments are either paid out as a cash dividend to Government, are reinvested in public infrastructure, as agreed with the shareholder, or are reinvested in new developments. Effectively, we are growing the cake because we are reinvesting those profits. If there was a requirement to deliver a certain number of affordable units then it is then about cutting the cloth in terms of what public infrastructure would need to be trimmed or what profits would need to be reduced as a result of that. We will be assessing this as part of the waterfront proposals and this will be a discussion that will take place with the Regeneration Steering Group and our shareholder as to whether they want public infrastructure delivered or whether they want more affordable homes delivered. But, ultimately, the financial equation must square off, otherwise the project will not proceed and no homes will be delivered.

The Connétable of St. Brelade:

Just to sharpen up, really from affordable, although they could be categorised as such, there is a requirement for first-time buyer housing and, of course, older people's housing that could be described as right-sizing, what parts or what role could J.D.C. play in providing those 2 categories?

Managing Director, Jersey Development Company:

I think we very much recognise the need for encouraging home ownership and supporting first-time buyers on the property ladder. As referenced earlier, we do have the stage payment arrangement for the deposit that is supported in the order of 150 first-time buyers on to the housing market. We are also assessing the level of presale that we require in order for us to commit to construction projects under P.73/2010 that established Jersey Development Company, that hurdle is very high, certainly higher than the commercial market would expect. If that were to be reduced, then there is an opportunity for J.D.C. to then focus solely on first-time buyers in terms of the presale component. I think the other side that we can also look to support, as you rightly reference, is the right sizing. We are very conscious that the last census of 2011 identified 41 per cent of owner-occupiers under-occupying by 2 or more bedrooms. This would reference that there are a number of family homes that are potentially available for resale, only in the event that those owners can be encouraged to downsize. I think the difficulty that having spoken with various Islanders on this particular item is the community within which they have lived for many decades in a number of cases and they do not want to relocate to an apartment in a remote Parish. I think it is about delivering a product within the Parish that would encourage those individuals or couples to downsize but it is also ensuring that the sale of their property is also targeting the right person or family. It would not achieve the right objective if that family home then did not end up being occupied by a family going forward. I think there certainly is a role for Jersey Development Company to play in providing a product that people would like to downsize into but we do recognise that the majority of our developments are within St. Helier and that might not be within the community that these people currently live. As I say, there are various opportunities, some of which will exist on our developments within St. Helier, those that want to be closer to amenities and possibly have various facilities within the building itself. But, equally, there will be those that wish to remain within the Parishes that they have grown up in, so it is looking ...

The Connétable of St. Brelade:

It is a question of getting the numbers right, is it not, so that they do not move at a net cost? Deputy Gardiner has a question.

Deputy I. Gardiner:

Good afternoon, thank you. You just mentioned the easier payments for the first-time buyers in the Horizon development, for example. I would like to know your views about the properties that are existing in different parts of the world, when a developer is required to sell a percentage, 10 per cent

of the development at the cost when it can be covered in our first-time buyers affordable housing. This is a Government-type of involvement in the development, what are your views on that?

Managing Director, Jersey Development Company:

Is this allowing for a certain percentage to be ...

Deputy I. Gardiner:

It is a requirement for the percentage to be sold at the cost price from the development of around 260 units, 16 of 32 units, it depends on the government policy, it depends on which part of the world, would be sold to the people who are unaffordable housing get for first-time buyers.

Managing Director, Jersey Development Company:

Yes. I think that is a similar situation to what we delivered at College Gardens where we had 40 units that were sold as shared-equity units to first-time buyers at a significant discount to the market. Again, that is something that we are investigating. We are very conscious that with the increase in house prices at the moment there are a number of Islanders that are being priced out of affording their own home. But there will be a growing number that will be earning too much to participate in an Andium home-buy product, where I think the cap is presently a household income of £80,000 allows you to access a shared-equity unit with Andium. But £80,000 household income today will mean that you still cannot participate in home ownership.

[14:15]

We are looking at ways in which we could support that middle position where, effectively, households are forced into the private rental market with no support. That is something that we are very conscious of and we are in discussions with our shareholder and with the Minister for Housing and Communities to ensure that it aligns with government policy. In response to your specific question, Deputy Gardiner, it comes down to the financial viability on these projects. As a Government-owned entity, there can be a discussion and a decision taken to accept less profit or lower land value for ensuring a delivery, as you referenced.

The Connétable of St. Brelade:

Jane, you have a question.

Panel Adviser:

Yes, thank you. Just really following on from College Gardens, I was interested to know whether that in fact had been a successful model of delivery where you are working with a housing trust and mixing up the tenures, has it worked as a community? Has it worked on the ground?

Managing Director, Jersey Development Company:

The arrangement was for the 40 units that the Jersey Homes Trust acquired from a management perspective and from an ownership arrangement; that was delivered in a single building. The 40 shared-equity units were then pepper-potted across 2 of the blocks. From an operations perspective, effectively, those shared-equity units are no different from the open market; they are all owner-occupiers. But just from the management side, the Homes Trust, it was agreed that we would arrange for the 40 affordable rent to be in a single building. In terms of how the interaction works, to be honest I am not sure but the Jersey Homes block, the occupiers within that block, the residents of that block have access to the front gardens and alongside the remainder of the scheme. The design of the buildings, et cetera, will all appear the same, so it was meant to be part of a cohesive new community. It is the first time, I believe, that we have had those 3 tenures delivered over a single development.

Ms. J. Alderman:

That was really the reason I was about it, it seemed like a successful model, both in terms of as you have commented on viability and I am sure that was part of the assessment of it being included in the scheme but also from a kind of practical point of view of how it works, so that is helpful. Thank you.

The Connétable of St. Brelade:

At what point, Lee, do you get a share of the equity back or the purchaser's share of the equity back?

Managing Director, Jersey Development Company:

In the example of College Gardens, we passed all of that equity back to the Treasury, so that is with Government. As and when those units are sold, that is when Government will then receive back their share of the proceeds.

The Connétable of St. Brelade:

Just there is a lot of political comment very often on buy-to-let in the housing market and any impact this has on the affordability of housing generally, what are your views on that?

Managing Director, Jersey Development Company:

There have been obviously several questions over the last few years in the Assembly with regards to foreign buy-to-let and foreign investors on our development. On Horizon, out of the 280 units we have 4 purchases that have been made to overseas buyers. They did have links to Jersey, whether it be business links or distant friends or family links. But we then took a decision about 18 months

ago at least, possibly longer, to prevent any further sales to overseas purchasers. But as a result of those the structuring on these apartment developments tend to be via share transfer. While we can prevent that sale on the first transaction, onward transactions are then not preventable. But on South Hill and on future developments we have made a commitment that we will only structure those as flying freeholds, such that the sales can only ever be made to appropriately qualified individuals. But on the wider buy-to-let market, as I have mentioned earlier, we have got a significant hurdle of presales to achieve before we can commence construction. We do end up selling a proportion; I think on Horizon it is about 50 per cent of those units have been sold to buy-to-let investors, the majority of which are obviously, all bar 4, local buy-to-let investors. Looking at the future we are promoting a focus on owner occupation and first-time buyers and indeed downsizes. If there was a revision on the level of presale we could then ensure that we focus on owner-occupiers only.

The Connétable of St. Brelade:

Would you be in a position to identify proportions of open market owner-occupiers versus rented in your situations? Clearly there is a need in all sectors of the market, is there any particular area stronger than the other?

Managing Director, Jersey Development Company:

Given the low interest environment that we are in, the buy-to-let opportunities obviously provide Islanders with a greater return than they will otherwise receive in the bank. When we are releasing these units for sale, yes, there is not sufficient owner-occupiers to achieve our level of presale. But during the build period there would be more owner-occupiers and they are coming through the market. I think it is a question of reassessing the presale hurdle and then J.D.C. focusing on owner-occupy sales to owner-occupiers in the first instance and only when the development is complete. If there are any units remaining, then the buy-to-let investors would be given an opportunity to purchase but our view is that we should be now focusing on the owner-occupier.

The Connétable of Grouville:

Just to go back to what you said a couple of minutes ago about College Gardens and the affordable to buy homes, I think you said that when they are sold on the equity is kept by the Government. Do they not then become non-affordable homes again?

Managing Director, Jersey Development Company:

Thank you, Constable, that is a good clarification. The units are shared equity and the purchasers need to qualify through the Housing Gateway. Providing that the unit is sold to another eligible first-time buyer who has qualified through the Gateway, the Government's participation in equity will remain in that unit. It is only in the event that there are no eligible buyers within the Housing Gateway and from a mortgage provider's perspective there was the ability for those units to then be sold in

the open market in order to enable that mortgage provider to be able to be repaid. We are not envisaging any of those scenarios unfolding, so the share of the equity remains with Government.

The Connétable of St. Brelade:

Thank you for that clarification.

Panel Adviser:

It was not specifically on that point and, apologies, I have missed some of your intro because I was having some technological difficulties but I just wondered if you could, just as a sort of summary, explain what you think are the real key risks you see in terms of your development plans at the present time.

Managing Director, Jersey Development Company:

The viability of these projects is critical. We can only connect to construction once we have a viable proposition. With the requirements in terms of public infrastructure, the increase in build costs, et cetera, yes, the project themselves, yes, there are pressures. It is important that we balance and recognise the importance of public infrastructure because, as I say, on the waterfront the very clear feedback that we have received from Islanders that have participated in the consultation to date has been that they want to see a destination waterfront, a mixed-use waterfront, a vibrant waterfront, a waterfront that contains a mix of community, cultural, sport and leisure uses within that overall vision and that comes at a cost. The development itself will need to fund the new parks, the new leisure and sport facilities, the new cultural and community facilities. We are currently looking at ways in which we need to improve the sea defences in the area, for example, so all of that will need to be delivered as part of the project. With the requirement for significant affordable added into that, that is something that we need to now determine how we can support that. We understand the need for balancing the supply and demand. As I referenced earlier, I do think that the affordable housing content of the bridging Island Plan is readily deliverable and is almost committed to and it is the open market that we need to be equally as focused on because if supply continues to be outstripped by demand, then prices will continue to increase and that is the risk. We have got to ensure that we are balancing the supply and demand equation.

The Connétable of St. Brelade:

It really does boil down to inward migration, does it not? That is so important. Lee, I do not know if other panel members have got any questions.

The Connétable of Grouville:

Yes, I would not mind one question. In the bridging Island Plan it is accepted that quite a lot of out-of-town sites will be identified for affordable housing; how likely are you to get involved with those projects or is that not really what you do?

Managing Director, Jersey Development Company:

It is not really what we do, however, if we are directed to do so, then we would readily support Government in that delivery. I am aware of a number of private developers that deliver affordable properties on these rezoned sites and doubtless they are already in discussions with those landowners. Equally, Andium themselves may well be able to support. I think that we are there if required but my view is that there will be enough delivery vehicles already poised to support and deliver on these important schemes.

The Connétable of Grouville:

Because you had a relationship with the Homes Trust but that was a different type of development. You do not normally or have not got a relationship with Andium in a similar way.

Managing Director, Jersey Development Company:

No, Andium are delivering their own developments, so they are in control of their delivery pipeline. If there was to be a mixed-use site that contained affordable rental, then we would obviously enter into dialogue with Andium, as well as other housing providers, to see whether they would be interested in that end product. Equally, we do also engage with Andium with the shared equity products because those College Gardens units were advertised on the Housing Gateway and the eligibility criteria, okay, that was agreed with the Strategic Housing Unit but Andium also advertised those products on their website.

The Connétable of St. Brelade:

Lee, thank you very much for answering all our questions. We have come to the end of our time, very much appreciate it and ... have you got any more, Jane?

[14:30]

Panel Adviser:

It was just a follow-up really quickly on the point regarding Andium. I just wondered whether you have ever looked or would consider joint ventures with Andium where they may be focused on the affordable and you are obviously doing what you will get out in terms of regeneration.

Managing Director, Jersey Development Company:

Yes. Yes, potentially, we have not had a site yet that has required that joint approach but, yes, never say never and there may well be large sites in the future that come forward with those arrangements. We have the same shareholder in the form of the Minister for Treasury and Resources and we report into the Regeneration Steering Group. I think Andium have started to report in on the R.S.G. (Regeneration Steering Group) as well now. There is a co-ordinated position with Government ensuring the delivery of housing products across the board.

The Connétable of St. Brelade:

Well, that brings us to the end of the meeting. Thanks very much for your input and it will certainly inform any comments we make and the reports we produce in the fullness of time. Thanks a lot and we will talk soon.

Managing Director, Jersey Development Company:

Thank you.

[14:31]