

STATES OF JERSEY



PROVISION OF AFFORDABLE HOUSING GUIDANCE

Lodged au Greffe on 14th October 2021
by Senator S.Y. Mézec
Earliest date for debate: 23rd November 2021

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

to request the Council of Ministers to withdraw the guidance on affordable housing which has been provided to the States of Jersey Development Company, as found in the reports 'Housing Policy Guidance: Housing affordability and the South Hill development' ([R.139/2021](#)) and 'Action on Housing – recent progress and Waterfront guidance' ([R.157/2021](#)), and to issue new guidance which stipulates a minimum provision of affordable housing at no less than 30% of the homes built in the proposed developments on the Waterfront and South Hill.

SENATOR S.Y. MÉZEC

REPORT

Following the decisions made by the States Assembly in adopting [P.165/2020](#) (as amended) and [P.69/2021](#), the Council of Ministers produced guidance¹ to inform how the States of Jersey Development Company (SoJDC) should make provision for affordable housing in the proposed developments on the Waterfront and South Hill.

The guidance states that the minimum contribution expected will be just 15%.

In the case of the Waterfront, this amounts to as little as 150 homes. With South Hill it will be just 23 homes.

There are currently c.2,000 applications on the first-time-buyers waiting list (formerly Band 5 of the Housing Gateway) and a further c.1,000 on the various bands for social rental housing.

The Government's aim for a contribution of homes on the land they own to be just 173 homes is clearly grossly inadequate.

Jersey faces a serious housing crisis, which is evidenced to be deepening every time that Statistics Jersey produce updated information on the cost of housing and average earnings. This crisis will not resolve itself without serious action, led by the Government, to increase the provision of homes which are genuinely affordable for Islanders who are not able to afford homes in the private sector. The Government's effort to boost the number of homes which will ultimately become indistinguishable from other private sector-provided homes will not have as great an impact in helping the greatest number of people.

This proposition will enable the States Assembly to tell the Council of Ministers that the work they have produced so far has not been adequate and must be revisited to ensure that the maximum benefit is obtained in these upcoming developments. This proposition seeks to at least *double* the target for affordable housing, by increasing it from 15% to 30%.

An amendment to this proposition will be lodged to give the States Assembly the choice of a more ambitious minimum target for affordable housing of 50%.

Financial and manpower implications

Ministers and officers will be required to revisit the work they have already looked at and dedicate more time to achieve a more suitable outcome than they achieved first time round.

No planning applications have been submitted for the two proposed developments as of yet, so the SoJDC still has time to accommodate alternative instructions if necessary.

¹ The relevant sections from the guidance set out in [R.139/2021](#) and [R.157/2021](#) are included as Appendices.

Appendix 1 – Relevant section from R.157/2021

Specific Principles

21. In advancing their plans for the Waterfront development, SoJDC will:

F. Take such steps as are necessary to provide that the development and the units thereon are structured by way of Flying Freehold, thereby ensuring no foreign buy to let sales.

G. Control any necessary use of buy to let sales in the following way:

- Ensure units are brought forward for sale in tranches that are made available to different categories of buyer prioritised in discussion with the Housing and Communities Ministers
- Ensure that buy to let sales are reserved to the final tranche of sales, and only made available on decision of the Housing and Communities Minister and after a reasonable period has passed to allow those prioritised groups to access sales. In releasing any tranche of buy to let sales, ensure that:
 - the maximum number of units that can be bought by any local investor is capped to 1 in the first instance, subject to demand, which can be reviewed in line with demand data as the Developments is progressed.
 - those units are sold with appropriate restrictions that require they be let for stable, medium-term tenures within a framework of stable rental increases, in perpetuity (recognising that exception provisions will be required to accommodate certain family or other circumstances).
- Rents and annual rent increases will be determined within the terms of the lease R.157/2021

H. Ensure that a minimum 15% of the units eventually constructed are provided for a first-time buyer shared equity scheme where homes will be sold at a discount to market value [specifications to be added], for which access and eligibility criteria will be established by the Minister for Housing and Communities.

I. The requirement can be varied on a pro rata basis if, under the protocols established under principle I (below), an equivalent number of affordable homes can be developed elsewhere on the site.

J. Any development surplus, as a result of Shared Equity purchase will be reinvested to fund future provision and regeneration, including the development of affordable housing, equating to a £24m subsidy.

Appendix 2 – Relevant section from R.139/2021

Specific Principles

34. These principles apply in respect of the South Hill Development.

35. In advancing their plans for the development on the South Hill site, SoJDC will:

F. Ensure that buy-to-let investors are prevented from acquiring units on the Development at the initial point of sale.

G. Take such steps as are necessary to provide that the Development and the units thereon are structured by way of Flying Freehold.

H. Ensure that a minimum 15% of the units eventually constructed are provided for a first-time buyer shared-equity scheme, for which access and eligibility criteria will be established by the Minister for Housing and Communities.

36. P.73/2010 requires that: “before committing to construction costs SoJDC will have to secure a sufficient level of legally binding pre-sales or pre-lets to fund the costs of constructing the first phase of a scheme.”

37. Buy to let presales have previously played a key role in meeting this requirement, which is intended to reduce risk. Without recourse to buy to let sales, SOJDC may not be able to secure sufficient presales to satisfy this requirement. The reduced up-front value of the proposed shared-equity units will also require that more units will need to be sold to meet the threshold.

38. It is therefore recognised that some adjustment may be required, either to this guidance or to the provisions of P.73/2010, should the two directions come into conflict.