



States of Jersey – Strategic Housing Unit

Housing Strategy

Consultation Document

October 2015

R.116/2015

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Foreword

A place to call home is central to how we live. It is fundamental to our need for comfort, security and stability. It affects our health and wellbeing, and it encourages us to participate in economic and social life, contributing to our sense of identity and attachment to the community around us. We need to bring these elements together in a single vision for housing in Jersey, with a range of actions to make things better.

One of the main challenges is housing affordability, which concerns people of all walks of life, whether they rent or want to buy, whether they want to move up or down the housing ladder, or whether they are simply concerned about the prospects of their nearest and dearest. To address this, we must develop new models of home ownership that suit different stages in peoples' lives, while ensuring there is adequate supply of housing overall.

This means delivering on the Island Plan's requirements for open market and affordable homes, ensuring the regeneration of St Helier delivers both homes and attractive communities, making sure we effectively use our housing stock, and making sure we have funding mechanisms and policies to support these initiatives.

It is also vital that we focus on the quality of housing, renewing ageing social housing estates, and tackling any poor housing standards through new, proportionate and modern regulation. In doing this, it is not just about quality, but also size, and we must improve space standards, and energy efficiency to making running a household more cost effective.

Another key objective is to increase choice and housing diversity so that residents have the opportunity to achieve their housing aspirations, serviced by a housing market and construction industry which complements a strong economy. This includes delivering housing that is set in attractive, mixed and balanced neighbourhoods, which contributes to the regeneration of our centres, and from which all Islanders can benefit from.

Our ultimate aim is to make things better. There are considerable challenges. We cannot make housing more affordable or of better quality overnight, we cannot change communities immediately, but we can move firmly and clearly in the right direction. Let us work together to make sure this happens.

Strategic Housing Group Ministers

- Minister for Housing
- Minister for Planning and Environment
- Minister for Social Security
- Minister for Treasury and Resources
- Minister for Health and Social Security



Executive Summary

The States Assembly approved ⁽¹⁾ the establishment of a new Strategic Housing Unit (SHU) in the States Chief Minister's Department, under direction of the Minister for Housing. The Housing Strategy has been developed by the Strategic Housing Unit (SHU) to bring forward policies which reflect the needs of the Islanders.

Strategic Context

The Council of Ministers' has recently set out the **Strategic Priorities** for the period 2015-18: Improving **Health and Wellbeing**, Improving **Education**, Optimising **Economic Growth**, and Improving **St Helier**.

This strategy fits within the States Strategic Plan, and is linked to a number of existing States strategies and plans, including the the Island Plan, and policies to support the social housing sector. It recognises the clear importance of community values and sustainability, going beyond the traditional bricks and mortar view of housing to deliver real change focused on the needs of individuals and communities. It sets out how the States of Jersey and its partners can work together for the benefit of the Island.

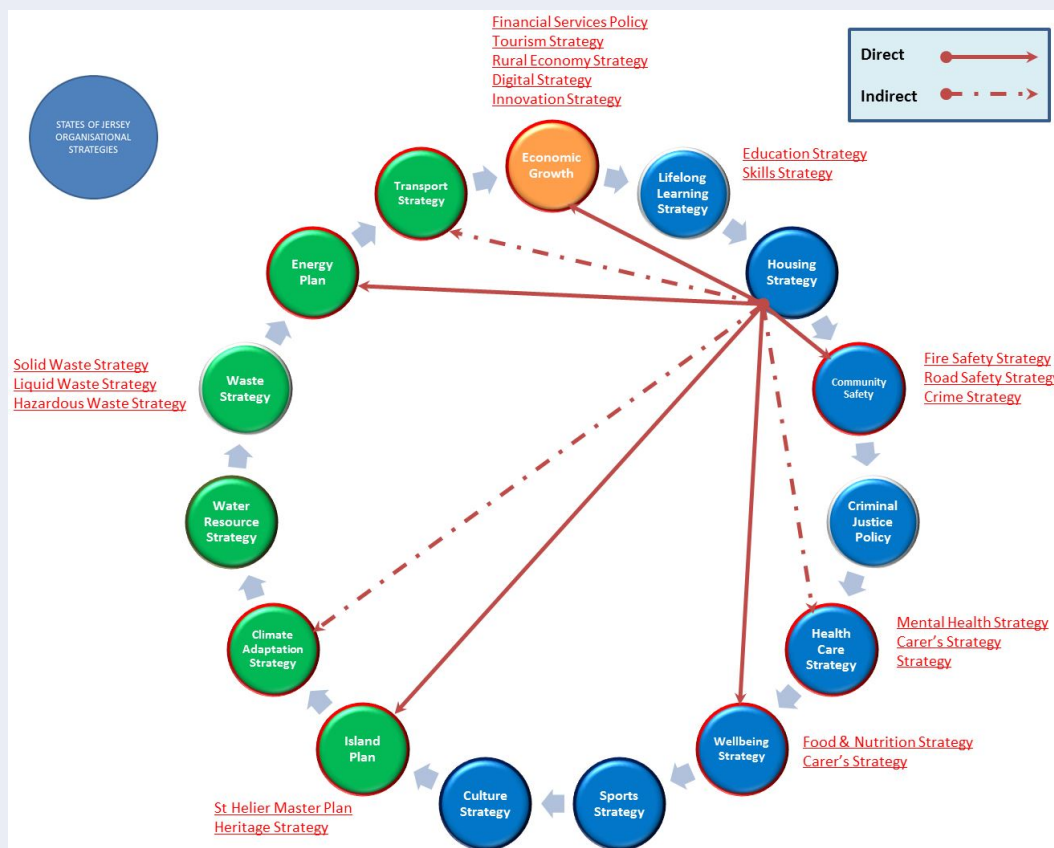


Figure 1 Strategic Context

Guiding Principles for the Housing Strategy

- We will ensure that housing is integral to service delivery and other relevant strategies.
- We will create a strong partnership with commercial developers, affordable housing providers, and partners to increase the supply of housing.
- We will commit to making the best use of resources.
- We will be innovative in the delivery of schemes and policies.
- We will focus our services on vulnerable households.

Vision

Housing has a fundamental impact on our lives whether we are an owner-occupier, living in a affordable housing or renting privately. Our vision is:

All Islanders live in secure, high quality homes they can afford

We want Jersey to be an inclusive place to live with affordable, high quality, housing available to all residents. It should support a thriving economy by offering security, promoting health and wellbeing and reduce its impact on the environment. We want to help bring about a society that values everyone and tackles inequality by promoting access to quality housing.

Key challenges and opportunities

Jersey has many challenges to overcome in meeting its vision:

- an ageing population
- the needs of specific groups - including the young, the elderly, the disabled, the vulnerable, key workers.
- the need to increase housing supply to meet the needs of the Island
- improving affordability
- increasing housing standards and improving regulation
- improving energy efficiency of homes and meet the potential challenges around climate change
- improving the quality of urban living and the regeneration of the town of St Helier
- ensuring that all residents have equitable access to the housing market
- developing stronger, well connected communities

Accordingly, the key objectives of the Strategy to meet these challenges are:

Key Objectives

1. Ensure the supply of decent affordable homes meets the identified needs of the Island

- ✓ Increasing housing supply, especially affordable homes, to rent and own
- ✓ Increasing the range of housing options available to those with specific housing needs.

2. Ensure the best use of the existing and future housing stock

- ✓ Reduce under-occupation in the owner-occupied and affordable housing sector
- ✓ Reduce the number of long-term empty properties
- ✓ Ensure the private rental sector is responsive to meeting housing need

3. Improve the condition, security, energy efficiency and sustainability of homes

- ✓ Ensure that a robust, proportionate and effective legal framework exists to encourage good standard and properly managed residential accommodation across all categories of tenure.
- ✓ Ensure that all new homes are built to high quality standards.

4. Create strong communities and neighbourhoods

- ✓ Promote sustainable communities with greater involvement in housing developments so that they better meet their needs
- ✓ Address the housing needs of unqualified residents

The vision, objectives and key outcomes for housing matters on the island can be summarised in the following table.

VISION: ALL ISLANDER'S LIVE IN SECURE, HEALTHY HOMES THEY CAN AFFORD			
OBJECTIVES			
1	2	3	4
Ensure the supply of decent affordable homes meets the identified needs of the Island	Maximise use of the existing housing stock	Improve the condition, energy efficiency and suitability of homes	Create Strong Communities and Neighbourhoods
KEY OUTCOMES			
300 new homes developed per year including a total of an additional 1,000 affordable homes by 2020	Reduction in gateway waiting list through increased supply and improved occupancy levels of affordable housing stock	Increase % of affordable homes that meet decent homes standard Significant reduction in private rental complaints by 2025.	Creation of successful places and strong communities as measured against key better life indicators
Creation of a shared equity scheme(s). A ring fenced affordable housing fund that ensures receipts are retained and recycled	Increase in build rate of approved housing developments Lower levels of vacancy of existing private sector housing stock	Improved housing affordability measured by reduced housing costs as % of household income	An equitable rental housing sector for all Island residents.

Figure 2 Summary Overview

Next Steps

The Housing Strategy is being undertaken in two stages given the scale and complexity of housing issues. It recognises that solving these issues requires all sectors which influence housing supply, affordability, quality and choice to work together.

1. Develop the strategy - by October 2015

This document sets out the key objectives and broad actions required and will inform the development of more detailed policy.

2. Develop and approve detailed policies - from October 2015

Following the publication and consultation of this strategy document, more detailed policy papers will be published that set out a clear policy proposals to support the key objectives of the strategy. However, where work is already ongoing, it will naturally continue.

Governance

The SHU are developing the Strategy, but this requires a co-ordinated approach at a high level. Accordingly, a governance structure has been established, chaired by the Housing Minister and supported by other Ministers, to ensure engagement and support across government, including the Environment, Housing and Technical Services Scrutiny Panel. The housing providers are also a key stakeholders and have a major role to play. Ultimately, the Council of Ministers will endorse the Housing Strategy as a primary policy document of the Council of Ministers.



Figure 3 Governance

Evidence Base

Housing markets are dynamic and complex, and in order to support current and future policy decisions, the Housing Strategy needs to be based on a comprehensive evidence base.

Establish an authoritative evidence base

The SHU will publish an annual Strategic Housing Market Assessment report which will provide evidence on the current and future number of households in need across all housing tenures, matched against the anticipated supply, together with specific housing requirements, in order to support the objectives of the Housing Strategy.

How to make a comment

It is imperative that there is a debate about the proposed Housing Strategy. You may respond to as many or as few of the sections as you wish, but we want you to take part.

On-line

The Draft Housing Strategy is available online (<http://consult.gov.je/portal/cmd/shu/hs>), where responses can be completed and submitted. We would encourage as many people as possible to use this way of responding to the Strategy.

In Writing

Alternatively, you can submit your comments in hard copy, by responding to the proposals in this document.

Please send all written representations marked '**Draft Housing Strategy**' to the following address:

Strategic Housing Unit c/o Ralph Buchholz

Chief Minister's Department

Cyril le Marquand House

St Helier

JE4 8QT

Public submissions

Please note that responses submitted to all States public consultations may be made public (e.g. quoted in a final published report, reported in the media, published on a States of Jersey website, listed on a consultation summary etc). If a respondent has a particular wish for confidentiality, please indicate this clearly when submitting a response.

Timescale

Consultation on this Draft Housing Strategy commences **on Thursday 1st October 2015** for a period of 6 weeks to **Thursday 12th November 2015**.

More information

If you have any queries, or require further information, please contact Ralph Buchholz at the Strategic Housing Unit

email: r.buchholz@gov.je or Direct dial: 448443



1 Identifying the Challenge

1.1 Jersey is a prosperous Island, but one of contrasts. While some Islanders enjoy an affluent lifestyle, others within our community experience significant difficulties. Pressures from an ageing population, high property prices, pockets of poor quality housing, limited opportunities for new development and the effects of economic pressures are having an impact on many families, particularly the most vulnerable.

Population

1.2 The most fundamental element in understanding future need is the size of the population and the number of households that require housing, given the make-up of the population, incomes and other variable factors– such as length of time in Jersey.

1.3 The main factors affecting household projections in Jersey are not just levels of net migration but also an ageing population and reduced size of households (headship rates). These tend to suggest that given any level of population the number of households will continue to increase.

1.4 A final, more behavioural, issue is that income growth affects household formation rates. In population projections, the future is often assumed to be like the past. The recession had relatively little effect on headship rates in Jersey – unlike most of the rest of the British Isles - as incomes were not massively affected. There may however be some catch up to do, especially if affordability improves or incomes grow more rapidly in the future. Projections are therefore more likely to be exceeded in a buoyant economy.

Ageing society

1.5 Our population will increasingly see a significant increase in the number of older people needing care, leading to additional demand for long term care services with a significant projected impact on the overall social care costs.

1.6 The funding challenges faced by the States and, to some extent, the third sector need to be met by making the best use of the resources available.

1.7 Health is an outcome of a wide range of factors - such as changes to the natural and built environments and to social and work situations. Many of these factors lie outside the responsibility of the health sector and require a shared response across Government. We are committed to work collaboratively with Adult Services, Health and Social Services and the voluntary and community sector to reduce long term social care cost pressures. This will include housing options that enable people to live independently at home for longer.

Demand for housing

1.8 On the basis of the agreed interim population target of an additional +150 households per year (325 people), the States of Jersey Statistics Unit have developed a population model which can be used to generate estimates in the resident population up to 2065.

1.9 Household projections for Jersey have been produced for each year up to 2035. These are based on changes in household structure that were seen between the 2001 and 2011 censuses, such as an increasing proportion of adults living in single person households. Based upon the current population target, it is estimated that an additional 8,000 households will be required by 2035.

1.10 In the shorter term, the Revised 2011 Island Plan has used this, together with a Housing Needs Survey and the Housing Gateway list to match the estimated supply with the estimated demand for housing up to 2020. Total demand is estimated at 3,300 units with estimated supply slightly exceeding that at 3,630 units. However, the estimated demand (1,000) and supply (1,060) for affordable housing is more closely matched and at risk of imbalance if key sites are not developed.

1.11 The housing gateway is the most current source for the demand of affordable housing as it provides a single waiting list that covers all social housing providers and assesses all those households within the existing affordable and the private housing sectors who have expressed a need for affordable housing. Details on the housing gateway are found on the web site, ⁽²⁾ but in summary, it is banded from 1-6, with **Band 1** being those in the most acute need (e.g. Homeless), **Band 2** (e.g. Overcrowded), **Band 3** (financial difficulty), **Band 4** (seeking improved accommodation), **Band 5** (those looking to purchase) and **Band 6** (independent living/extra care).

1.12 The total number, and proportion of households assessed as being in the highest level of need (described as being in bands 1,2,3 and 6), are two, closely monitored, key indicators(Figure 4 'Housing gateway waiting list 2014-15').The state of the economy, population structure and level of supply will have the greatest impact upon these figures. Given that supply is expected to increase over the next 5 years, it is possible, given other variables being equal, that this could have a positive influence on the number of households currently on the housing gateway list.

2 (<https://www.gov.je/Home/RentingBuying/ApplicationAllocation/Pages/HowToApply.aspx>)

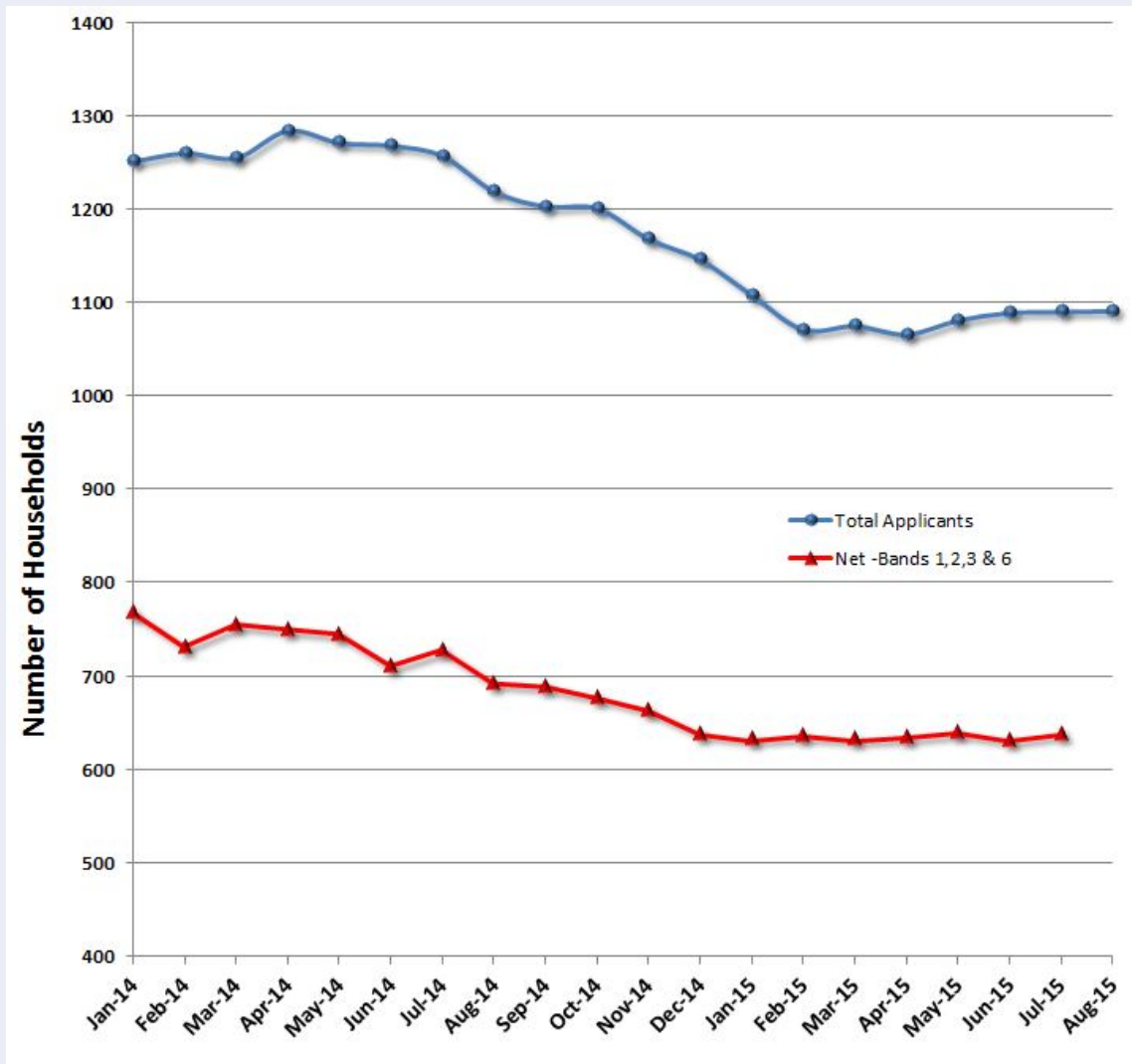


Figure 4 Housing gateway waiting list 2014-15

1.13 The SHU will closely monitor the supply and demand for all types of housing over the plan period to ensure that the supply of homes meets the estimated demand and will work with the Department of the Environment should additional supply be required from new sources. The requirements for housing beyond 2020 will be undertaken by the SHU as part of the annual Strategic Housing Market Assessment report to inform the Housing Strategy, related housing policies, and future Island Plans.

Vulnerable groups

1.14 Following discussion with a number of key stakeholders, it is recognised that the following groups will have specific housing-related requirements that will need to be addressed: people with mental illness; physical and learning

disabilities; autistic spectrum disorder; ex-offenders; young people; older people (extra care "village" scheme ⁽³⁾); key workers; young parents; and the homeless and victims of domestic abuse.

1.15 The largest affordable housing provider, Andium homes, currently provide, through their in-house independent living team, appropriate accommodation to clients and new applicants who have complex needs, ensuring that support is offered to help them to maintain independent lives with full access to appropriate services. This is a vital service in meeting the needs of vulnerable groups and the SHU will work collaboratively, co-ordinate and develop plans to deliver solutions across all providers, where appropriate.

Housing Supply

1.16 The supply of homes over the last 20 or more years, as depicted in Figure 5 'Housing Completions (built) 1986-2012' has been variable and influenced by the prevailing market and economic conditions, as well as land use planning decisions, such as the approval of Island Plans (1986, 2002 and 2011/14).

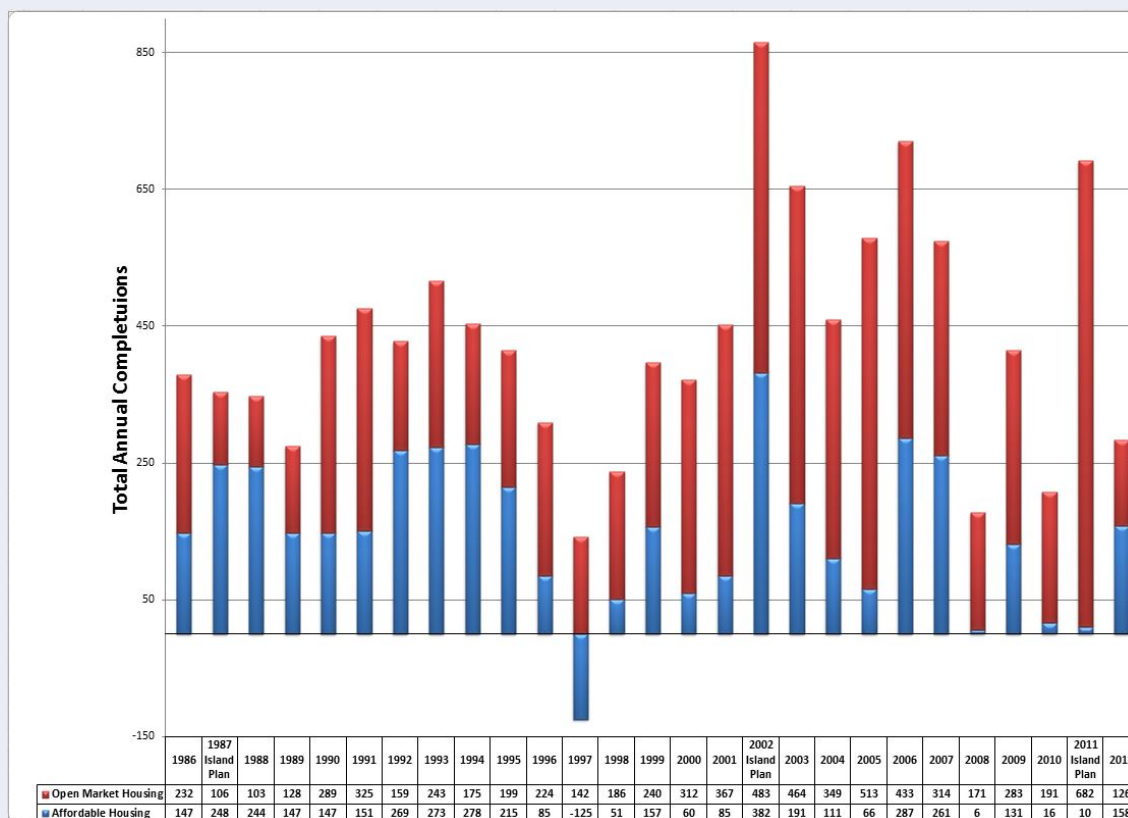


Figure 5 Housing Completions (built) 1986-2012

- 3 Extra Care Housing is housing designed with the needs of frailer older people in mind and with varying levels of care and support available on site to live independently.

1.17 Although the planning system can impact on housing supply, the housing market and economic climate are more closely linked to the number of homes completed.

1.18 One of the supply housing issues in Jersey is around the volatile completions rate for new homes, even though the planning system undoubtedly identifies an adequate number of sites. Currently, there are a large number of approved planning permissions for housing across the Island that have not resulted in development. Unlocking this would lead to a more consistent housing supply rather than the stop-start conditions that exist. A range of reasons explain the slow take up of planning permissions including financial viability, prevailing market conditions, access to sites, construction capacity and sequencing arrangements. However in addition, there is concern that developers 'bank' identified land to control the flow and ultimately the value of new build housing. The strategy will review and seek to address this issue in order to ensure a more consistent housing supply is in place.

1.19 Over the last few years we have successfully secured additional affordable housing through the approval of new sites, driven by the adoption of the Island Plan and the through the creation of Andium Homes Limited, which has access to a housing fund to redevelop their existing stock and to develop new affordable homes. Andium Homes is a wholly States-owned, but independent company that manages the, formally administered by the States of Jersey, housing stock

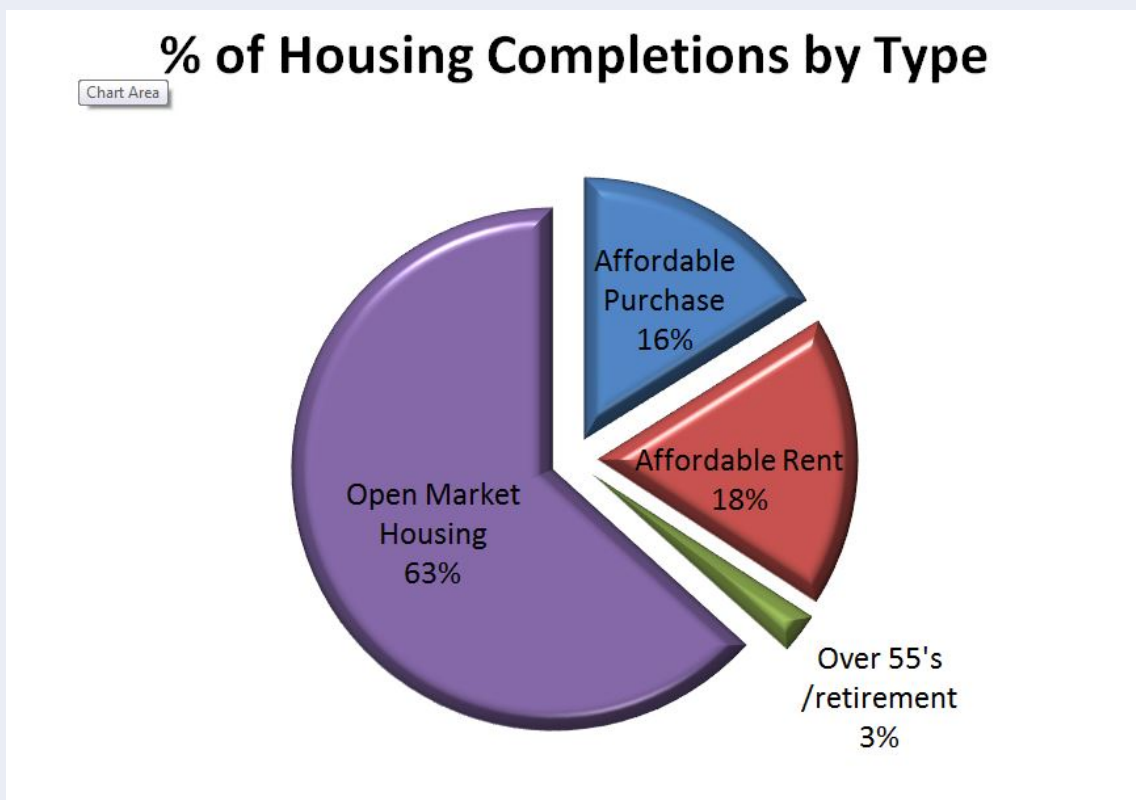


Figure 6 Housing Completions by Type 2002-14

1.20 Since 2002 nearly 40% of all new housing supply can be classed as affordable (Figure 6 'Housing Completions by Type 2002-14'). It is estimated that an additional 1,000 affordable homes are needed by 2020, and will need to be met by a robust and identified supply over that period, as evidenced in the [Revised 2011 Island Plan](#) ⁽⁴⁾. However, the estimated future supply of housing is based on assumptions about demography and viability which do not taken account of economic and other behavioural factors. The potential for increasing demand, also exists, through an improving economy, which, together with the availability of cheaper finance and high land values, could push up costs in the general housing market over the next few years. This highlights the need to constantly review and monitor housing need and review current strategies where necessary. We need to be innovative and explore wider public/private partnerships that can provide viable business cases for development and develop alternative ownership models for households which cannot afford market prices.

Housing affordability

1.21 The definition of affordable housing from the Revised 2011 Island Plan, (known as "Category A" affordable housing for the purposes of the plan) was written around the need to define affordable housing for the re-zoned sites. This definition was written for the specific purpose of controlling Island Plan rezoned affordable housing sites under policy H1 and H5 and in the absence at that time of a housing strategy.

1.22 The Housing Strategy will set out the definition of affordable housing so that it is capable of meeting the needs of eligible households and is flexible to develop future policies, including any rezoned land coming from future revisions of the Island plan.

1.23 The average house prices in Jersey, when compared nationally, are amongst the highest outside London, coming within the top ten local authorities. High rents in the private rented sector make rent unaffordable for many households. Despite the recent downturn in the economy and related cooling of the housing market, Figure 7 'House and rental price index 2002-2014' highlights that the current prices are still at a high level for both owner occupiers and private renters.

4 <http://consult.gov.je/portal/adopted/pd/ip2011?pointId=1405696217904#section-1405696217904>

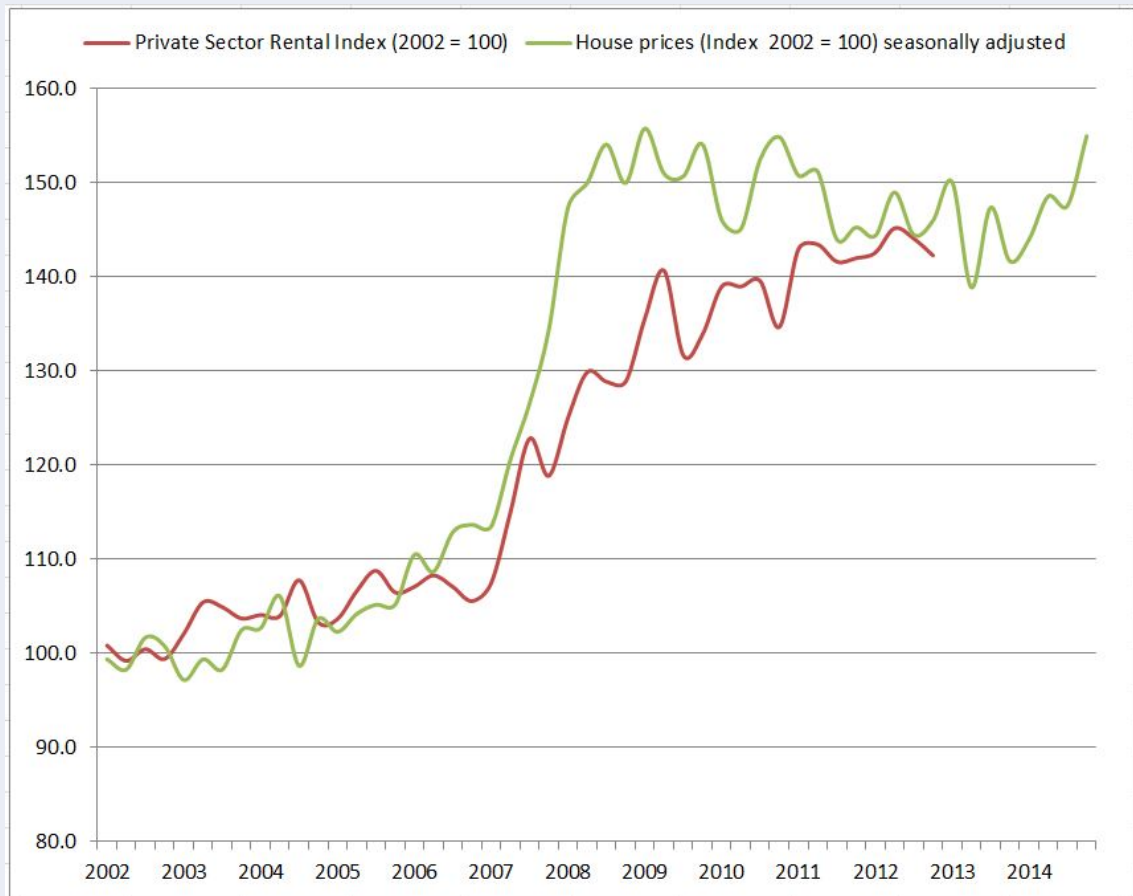


Figure 7 House and rental price index 2002-2014

1.24 Moreover evidence shows that in Jersey in 2013;

- **almost half of all working households could not service a mortgage affordably on the purchase price of a property (at the lower quartile price); a greater proportion than in 2011 and 2012**
- **around a third of lower income households in the owner occupier (with mortgages) and social rental sectors could be considered as being in housing stress (spending more than 30% of their income on rent)**
- **the average price of a three-bedroom house is seven times average household income**
- **a two bedroom flat is five times average household income**
- **56% of people renting privately are in rental stress (spending more than 30% of their income on rent)**

Access to affordable housing

1.25 Access to affordable housing is managed through the Housing Gateway, which is used by all of the affordable housing providers, except the Parishes. The gateway assesses and then places households into one of six bands according to their level of need.

1.26 The majority of the applicants are seeking social rental accommodation. The current stock of approximately 6,000 units supports this need and approximately 70% of households assisted are on income support.

1.27 In the endeavour to create healthy and diverse communities, it is important to appreciate that housing affordability issues are not confined to high need households dependent on income support payments. These issues also affect moderate income households which have historically been able to transition from private rental to home ownership but now face difficulty in achieving this aspiration. Furthermore, they affect key workers who cannot afford to rent or buy.

1.28 To address this issue, Andium, the dominant affordable housing provider with over 4,500 social rental units, offer some properties for sale through a deferred payment scheme. This form of intermediate housing (i.e. housing for those households whom cannot fully access open market housing, but are also not eligible for social rental housing), represents a significant challenge. To date there has been an inconsistent approach in developing intermediate housing schemes in terms of the eligibility/access and levels of supply, and so it is important that the strategy establishes a more consistent approach in addressing this sector of the housing market.

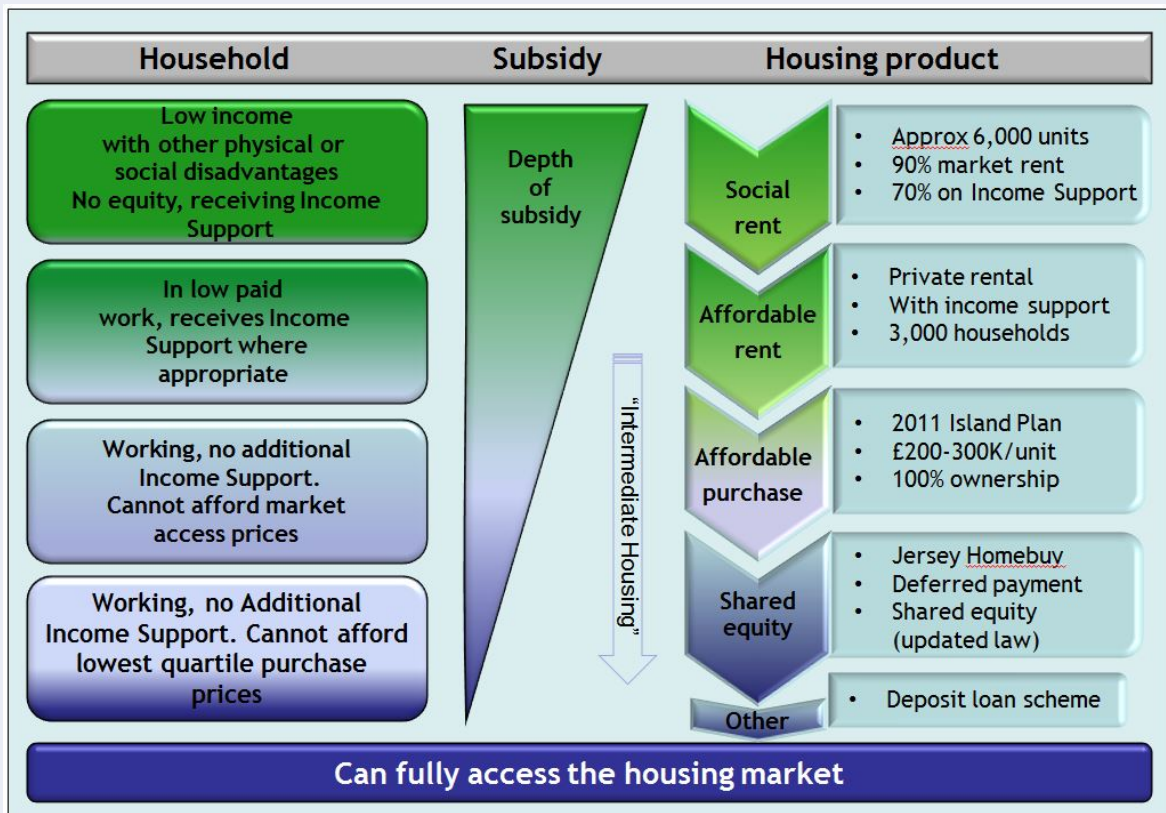


Figure 8 Housing Continuum

1.29 The broad objective of the strategy with regards to affordability is to provide greater choices for households right along the continuum (Figure 8 'Housing Continuum'), and more generally, to assist households to move away from dependence on highly subsidised social housing towards more intermediate and ultimately open market housing, where appropriate.

1.30 There is also the need to ensure that affordable homes are maintained as affordable in perpetuity, particularly those homes for sale through rezoned Island plan sites. The SHU have commenced preliminary discussions with the Law officers Department in bringing forward amendments to the relevant law(s).

Standards and energy efficiency

1.31 The challenge we face is to improve quality and sustainability across the board and deliver a significantly greater volume of new homes, at a price the Island can afford. We are committed to improving the quality of homes in the private and affordable sectors. Andium Homes have in place the resources to bring their existing affordable housing stock up to the national Decent Homes Standards. The SHU will work with all of the approved Social Housing Providers to make sure that all of the affordable housing stock is of the same high standard. In addition, the introduction of additional regulation will improve housing conditions for residents living in private rental accommodation or lodging houses in multiple occupation (HMOs).

Approximately 20% of households in the rental sector are unsatisfied with the state of repair of their home.

1.32 Raising the standard and quality of our homes can help to tackle wider social and environmental challenges. Designing homes that reduce household energy bills can play a crucial part in bringing down the cost of living. Despite the clear benefits, the challenge for improving standards and energy efficiency will be ensuring that developments are still viable, particularly in the affordable sector.

Regeneration and revitalising the town of St Helier

1.33 Making better use of existing housing stock and regeneration schemes to improve the attractiveness of the town is a crucial part of the solution and is a key priority of the Council of Ministers. Good quality design and standards will need to be linked to a change in culture that elevates urban living as a desirable aspiration for island residents. This will only be achieved through strong political leadership and collaboration with all the key stakeholders. This strategy aims to support and cultivate this change in thinking.

1.34 The Island plan recognises that there is a likelihood that a significant number of commercial occupants of the new financial and business centre to be created in the Esplanade Quarter will have relocated from other premises in central St. Helier. Managing this change will be a challenge, as secondary office accommodation becomes difficult to sell or re-let, but it represents an opportunity to reuse some of this outworn older commercial stock for other uses, including residential. The SHU will need to work closely with the Environment Department to ensure that the regeneration of the town can positively contribute to the supply of housing whilst improving the public realm for those communities living in them.

Density

1.35 Linked to the regeneration of St Helier is the issue of density. This is an important consideration in making a constrained land supply go further. The Island Plan seeks to protect the most valuable natural assets of the Island and this means that most new developments will be in the existing built-up areas and in particular, the town of St. Helier. This clear policy direction is sustainable but must be accompanied by good design to avoid over development and poor living environments. Density policies will need to be developed in the context of neighbouring buildings and the local area in terms of scale, layout and accessibility.

1.36 This strategy will support the work of the Department of the Environment in ensuring that the need for more housing is balanced against the impact that they will have on the local environment.

Finances

1.37 The States of Jersey has a significant financial involvement with and impact on the cost, delivery and funding of housing on the Island.

Taxation

1.38 The taxation system imposes costs on housing through;

- Stamp duty and land transactions tax are charged when property is transferred and when debts are secured against property.
- Parish rates and the Island-wide rate are charged annually on both owners and occupiers of most properties in the Island.
- Income tax at 20% is paid by landlords on the rental income they receive, and by property developers on their profits.

1.39 The taxation system does however offer relief from personal income tax to marginal rate taxpayers through the availability of mortgage interest tax relief (MITR) on their main home.

1.40 MITR was considered in the property tax review green paper, it stated:

"From an economic perspective, the existence of MITR merely acts to increase the price of properties, as it means that prospective buyers are in a position to afford to borrow more, as the additional repayments will be met through tax relief. Again, the unintended consequence of MITR is to push up property prices, which does not help people to afford to buy homes".

1.41 The relief currently costs the Jersey taxpayer approximately £12 - £14 million per year. Reducing or removing MITR could have a direct affect on housing demand especially by established households. However, it could increase the tax burden for households quite rapidly and at least in the short run, especially if unexpected, reduce the incentives to supply new housing. Such changes should therefore be carefully reviewed and then only introduced slowly and with careful monitoring.

1.42 The initial findings of the Property Tax Review are expected to be released in due course and the SHU will work with Treasury to consider changes that may support the objectives of the Housing Strategy around supply and affordability.

Planning Obligations Agreements (POA's)

1.43 Planning Obligations are legal agreements between a developer and the Minister for Planning and Environment. They are made in order to ensure that the implications of new development are balanced by the provision of necessary services. The cost of the provision of these related services will be met by the developer.

1.44 The planning process is therefore capable of enabling the provision of affordable housing supply either directly on site, or indirectly through some form of financial contribution to be used to develop other sites or support other affordable housing policy initiatives.

1.45 A specific form of POA was intended to be introduced under the 2011 Island Plan ([Policy H3](#)) which would require developers to provide affordable housing and/or a financial contribution in order to boost affordable housing supply. There has been natural opposition by a number of key stakeholders, notably the development industry and land owners to this approach, and proposed policies have not been implemented.

1.46 The issue of POAs (and similar arrangements) is now subject to a further review, the SHU will lead this review working with the Treasury and Environment departments to review the policy options for increasing affordable housing supply through such arrangements. This review will draw on the comments made in the responses to the Property Tax Review green paper on the issue of development gains.

Housing bond

1.47 The establishment of Andium Homes (Jersey) Limited and the availability of a £250 million bond to fund the refurbishment of the existing social housing stock and develop more units, is improving the standards and supply of social housing. A large proportion of the bond (£207 million) is being used to bring the existing Andium owned properties up to Decent Homes Standards and re-develop existing sites to increase supply. The remaining part of the bond is to be used for the development of new sites, including those rezoned in the Island Plan.

1.48 To repay the bond, Andium rentals increase by 0.75% above RPI on an annual basis and as tenants move within Andium stock, rental levels increase to 90% market. 70% of Andium tenants receive Income Support and therefore will be supported with these additional rental costs through government funding. The other 30% will meet these cost directly.

1.49 The SHU is working closely with all of the approved housing providers to support these objectives, but recognises that the housing bond will not fund all of the identified supply, and so additional/alternative financial arrangements

will need to be made. The involvement of the housing providers, the Treasury, and indeed the private sector will be required to take this forward and the SHU will co-ordinate this to ensure that the supply objectives of the strategy can be met.

Income Support

1.50 The spend on accommodation, of approximately £30.6 million a year, represents the largest component (39%) of the tax-funded Income Support budget. This funding is the principal driver for the provision of affordable accommodation to those in most need on the Island. Given the current States budgetary challenges, it is essential that the SHU works closely with the Social Security Department on the key objectives and actions arising from this Strategy to ensure that they can be delivered within this financial context. The annual cost of Income Support is already increasing in line with the move to 90% market rentals and the annual rental increases of RPI +0.75%. Care must also be taken to understand the financial implications of increased regulation within the private rental sector and the possible expansion of the rental sector to all residents.

Community

1.51 We need to continue to build on existing community skills and capacity and build a society of active, independent and resilient Islanders. We need to build enough homes that current and future generations will want to live in, places where they will thrive, where communities will prosper and the environment is protected for them.

1.52 As an Island, we also want to review how our residents who do not qualify to own or rent homes in the open market are housed to improve their access to good quality, well priced, housing.

1.53 The strategy needs to address the residential categories and consider if it is equitable that unqualified residents, who contribute to the prosperity of the Island, do not have the same open market access to good quality and reasonably priced rental housing enjoyed by qualified residents.



2 The Objectives

2.1 Increase New Supply

Objective 1: Ensure the supply of decent affordable homes meets the identified needs of the Island

- Increasing housing supply, especially affordable homes, to rent and own
- Increasing the range of housing options available to those with specific housing needs.

We will do this by:

1. Explicitly defining affordable housing and delivering policies that are sustainable, and meet the long term needs of the Island.
2. Developing and promoting home ownership initiatives, such as shared equity and ownership.
3. Using States-owned land, assets and existing housing portfolio to build more affordable homes
4. Reviewing and introducing measures to increase the supply of housing.
5. Developing detailed housing plans for specific groups, in order to provide them with the right accommodation. These include: people with mental illness; physical and learning disabilities; autistic spectrum disorder; ex-offenders; young people; older people (extra care village scheme); key workers (including a definition); young parents; the homeless; and victims of domestic abuse.

2.1 The overarching aim of this strategy is to increase the supply of housing of all tenures and to ensure that these homes better support the Jersey economy. The shortage of housing pushes up prices and rents and there can be no doubt that Jersey has a considerable affordability challenge.

Working with housing providers

2.2 Discussions with housing providers have highlighted that the resources needed to increase housing supply – land, infrastructure, the proceeds from planning gain and particularly, finance – are all in short supply. There is an opportunity to cross subsidise affordable homes by building way of affordable housing provides also building homes for private sale or rent. This also helps to ensure new developments

include a mix of private and affordable homes, which is important to create balanced communities. Improved partnership working across the house building sector could maximise the use of assets and increase the speed of delivery.

Affordability

2.3 This highlights the need for the SHU to consider those areas where the States of Jersey has influence and to explore the development of a range of different housing products including, alternative ownership models. The strategy will deliver a wider range of housing products, such as shared equity/ownership schemes, and the SHU are already exploring how this can be achieved.

2.4 There is a need to provide a better deal for low to middle income families who find it difficult to step onto, or step up, the housing ladder - they face increasing rents as a proportion of their income, have a challenge raising a sufficient deposit, and are unlikely to access social housing. There is significant potential for shared ownership to provide a flexible and lower cost route for these families to own their home, and to create a bigger market that will deliver more homes. By providing a bridge between renting and owning outright, shared ownership would support the development of mixed communities, offering people more choice and a cost-effective alternative to renting privately.

2.5 Improving the affordability of housing is a complex issue and many factors affect both the demand and supply of homes, as demonstrated by figure 1 below. The Strategy will focus on those areas which are under control or influenced by the States to improve the affordability of housing.

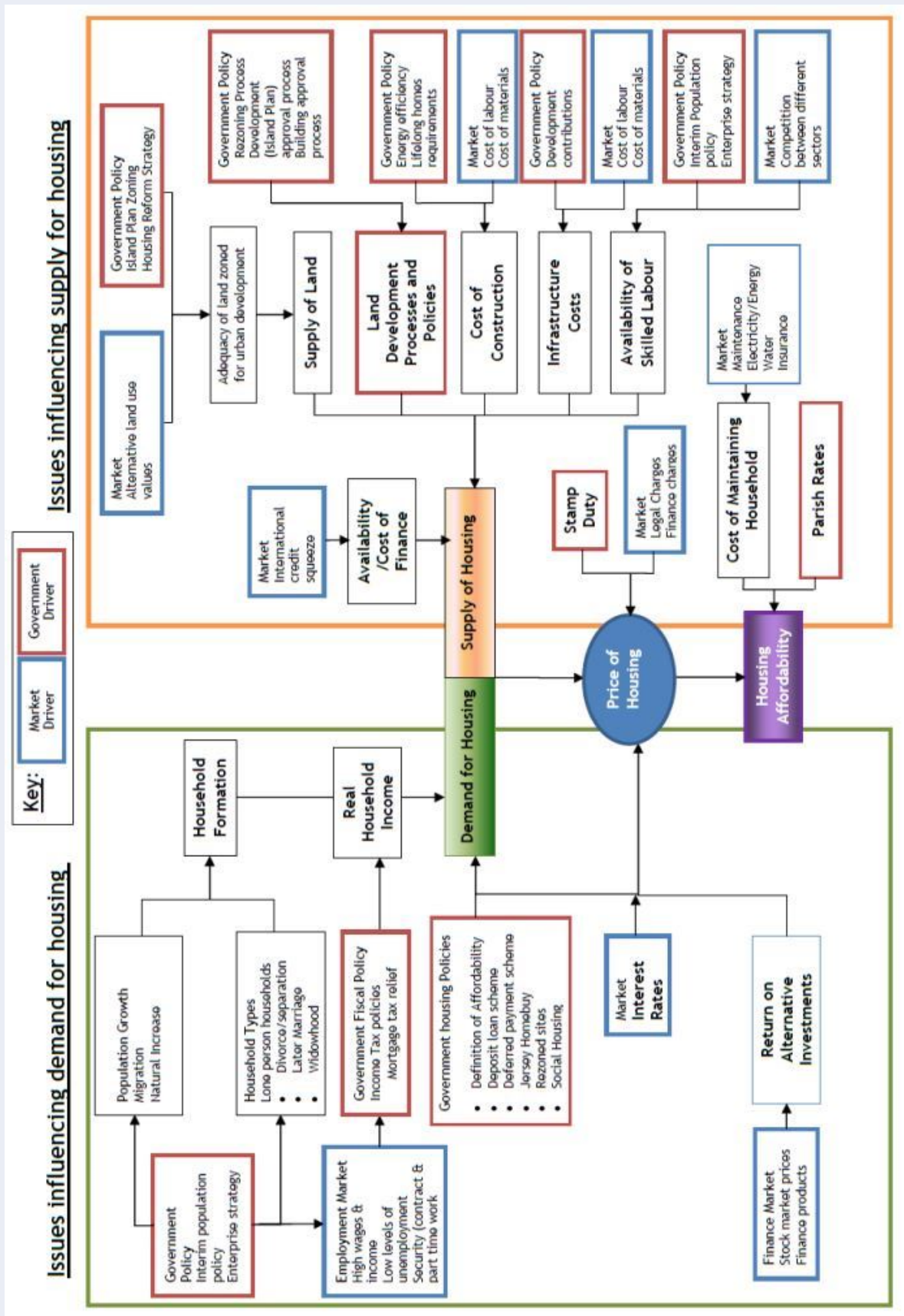


Figure 9 Factors Influencing the Affordability of Housing

Measures to increase supply of housing

2.6 The SHU will work with key stakeholders to review and introduce measures to assist the delivery of affordable housing. Specifically, the SHU will work with Treasury on the outcomes of the recent Property Tax Review Green Paper, including the impact of Mortgage Interest Tax Relief ("MITR") on the Island's domestic property market, and policy mechanisms to capture value from the development of land to support the provision of affordable homes, in line with Proposal 23 of the 2011 Revised Island Plan. One of the outcomes of this review might lead to the development of a specific housing or wider land development levy that could be applied by the Environment Department in the form of a Planning Obligation Agreement (POA).

2.7 Planning Obligations are legal agreements between a developer and the Minister for Planning and Environment that are currently used in order to ensure that the implications of new development are balanced by the provision of necessary services. The cost of the provision of these related services will be met by the developer. The SHU are supporting the work being undertaken by the Environment Department in reviewing the existing use of Planning Obligation Agreements (POA's) to ensure that they provide greater emphasis to securing planning gain, offset impacts of development, especially in town, and effectively contribute to the aims and objectives of the housing strategy.

2.8 Securing new sources of investment is also an opportunity to deliver greater supply, particularly from long term financial institutions seeking annuity type returns and the Minister will work with other key stakeholders, particularly the Treasury Minister, to explore this.

2.9 The regeneration of the town and the development of the Esplanade Quarter will create opportunities to increase supply in the older areas of town as the town's centre of gravity will shift south. The SHU will be a strong voice in the future direction of this project in ensuring that the housing objectives are taken forward with any future policies and plans for the town.

Housing for specific groups

2.10 A series of policy papers will be developed to specifically address the needs of a number of key housing groups.

Older people

2.11 The ageing of the population will drive the future demand towards more supportive products and the strategy will address this change in need. Since 2002 all new homes are required to meet the lifelong homes standards through the need to comply with the building bye laws⁽⁵⁾ The Minister is keen to promote services that make use of technology (telecare and telehealth) to help people to live more

5 <http://www.gov.je/PlanningBuilding/LawsRegs/Technical/Pages/index.aspx>.

independently. The strategy will consider the need for extra-care housing, which refers to a model of care similar to residential care, but with the emphasis on enabling individuals to live as independently as possible. The housing policy paper arising from this strategy will ensure that it meets and supports the objectives set out in both the Long Term Care Scheme (P.99/2013) and the overall Health Strategy (P.82/2012) as approved by the States Assembly.

Younger people

2.12 Currently the Housing Gateway criteria do not explicitly support the provision of affordable housing for younger people. For those finding it increasingly difficult to live independently, the strategy will explore new housing products and consider changes to the criteria tailored to young people, perhaps linked to Back to Work schemes, as they represent an essential part of contributing to a successful economy.

Key workers

2.13 Housing key workers, especially those in the health and social services, who have proven to be less able to afford housing, are a key priority of the Minister. The strategy will set out a definition of key workers together with development of an associated housing policy.

2.2 Maximise Use of Existing Resources

Objective 2: Make best use of the existing housing stock

- Reduce under-occupation in the owner-occupied and affordable housing sector
- Reduce the number of long-term empty properties
- Ensure the private rental sector is responsive to meeting housing need

We will do this by:

1. Reviewing Housing Gateway eligibility criteria and allocation policies, which will be more equitable and responsive to demand and supply.
2. Reviewing transfer incentives for households in affordable housing to downsize to more appropriate accommodation.
3. Ensuring we have an efficient and flexible allocation process to swiftly relet homes that become vacant in the affordable rental sector.
4. Investigating ways to incentivise the development of undeveloped land with existing planning permission.
5. Investigating ways to make more vacant properties available to the market.

2.14 The supply of homes can also be increased through the efficient management and use of existing housing stock.

Housing Gateway and allocation criteria

2.15 The current Housing Gateway process and eligibility criteria will be reviewed and given statutory status under new regulation. The review will look to see whether any changes should be made to the existing criteria to better reflect local housing need and allow housing providers to: ensure they are flexible to demand; able to respond better to the circumstances of individual households; make better use of public subsidy and increase the supply of affordable housing.

2.16 The SHU will work closely with the gateway team, affordable housing providers and the Social Security Department to ensure that the criteria that are fit for purpose, efficient and fully affordable.

Undeveloped land with planning permission

2.17 In order to ensure that planning permissions are used it may be necessary to consider options such as a reduction in the period of time before permission lapses, with higher fees applying for renewal of expired permissions; and whether greater substantive work should be required to count as the commencement of development. Consideration may also be given to allowing parishes to levy a charge equivalent to rateable value if land allocated in a plan with or without planning permission is not brought forward within a certain period of time.

2.18 Any potential measure should be applied only where land is voluntarily put into a plan and can be demonstrated to be deliverable and should be accompanied by a mechanism for appeal.

Vacant properties

2.19 Vacant homes are a wasted resource and the Housing Minister is keen to see that all homes are occupied (whether new build or existing homes) and will consider measures to bring long term vacant homes back into the market. Data from the 2001 census shows that of the 3,103 properties (7% of total) classified as vacant, a large proportion were for valid short term reasons and would not necessarily contribute to the additional supply of homes. However, there is a percentage that are long-term vacant and these should be targeted through a policy review to return them to the active housing market where possible.

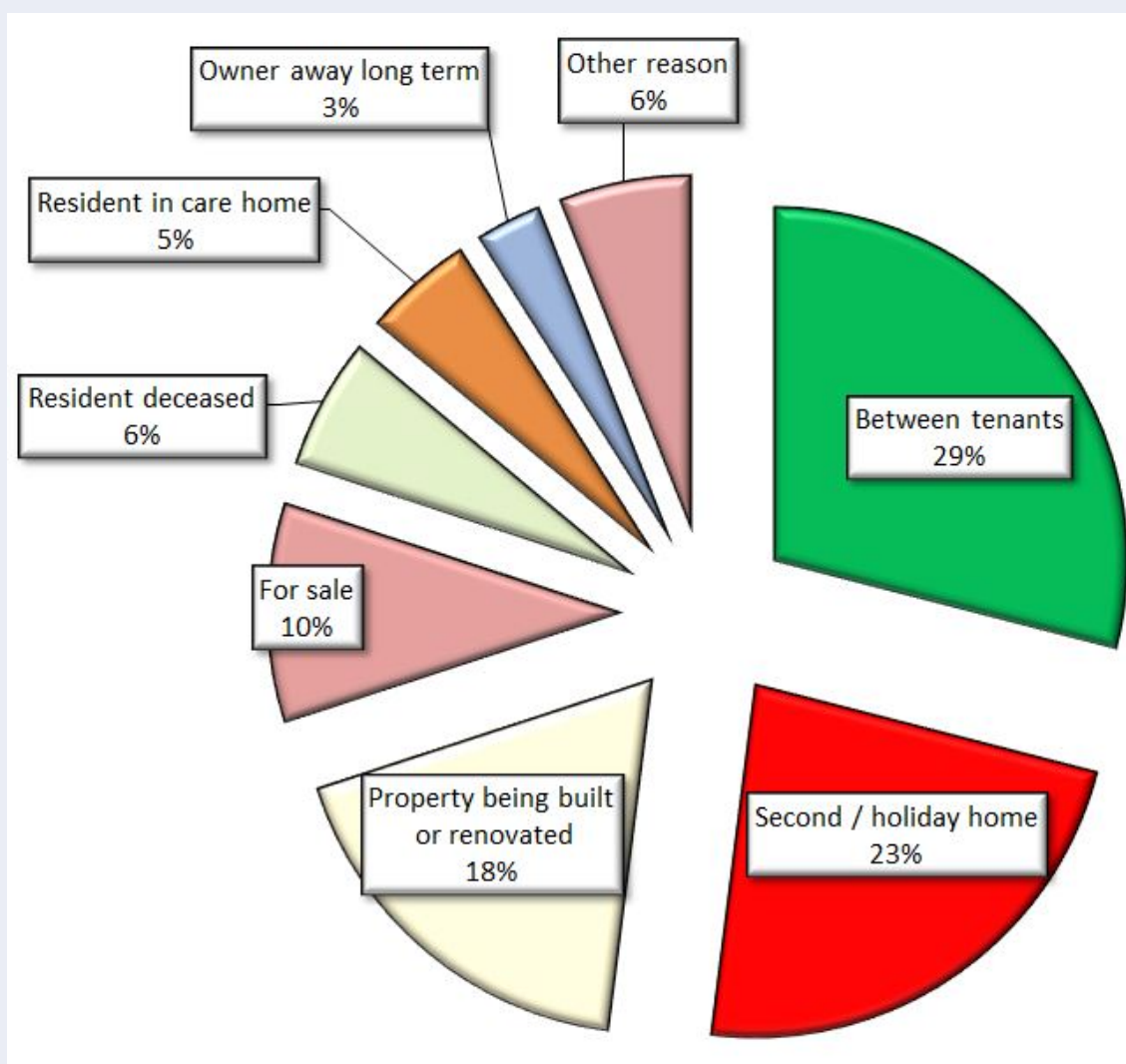


Figure 10 Residential Vacancy Reasons: Source 2011 Jersey Census

2.20 In the UK there is now the possibility for charging higher council tax on properties that have been vacant for longer periods (although in the past it has often been used to reduce tax on vacant units when the market has turned down). So far there is little evidence on how this approach is reducing vacancy. Other countries use taxation both to incentivise higher usage and to offset problems associated with the economic cycle. There are also important issues around vacancy relating to regeneration when extended vacancy may be inevitable. All these issues will be explored.

2.3 Improve Housing Standards

Objective 3: Improve the condition, security, energy efficiency and suitability of homes.

- Ensure that a robust, proportionate and effective legal framework exists to encourage good standard and properly managed residential accommodation across all categories of tenure.
- Ensure that all new homes are built to high quality standards.

We will do this by:

1. Developing a regulatory framework for affordable housing providers which promotes the rights and well-being of tenants; supports the supply of new affordable accommodation for rental and purchase; and meets the social needs of the community.
2. Supporting professional management standards and secure occupancy by introducing a tenancy deposit scheme; developing a landlord accreditation scheme and ensuring that the legal rights and responsibilities afforded to landlords and tenants promote appropriate levels of security, transparency and accountability.
3. Introducing minimum standards for the physical condition, repair and maintenance of all categories of rental accommodation to secure the health and wellbeing of tenants.
4. Improving the affordability of running a home by helping residents to benefit from warmer and more energy efficient buildings.
5. Improving the design of new homes through the introduction of new space and density standards and exploring innovative approaches to design, including modern methods of construction.

Standards in the affordable housing sector

2.21 Affordable housing provides a safety net for low income households and vulnerable groups who cannot afford to rent or buy in the private sector. They provide secure, affordable and good quality homes which meet the housing needs of tenants and contribute towards wider social aims in respect of health and wellbeing, economic participation and the renewal and regeneration of communities.

2.22 As a result, it is important to ensure that the sector is well regulated and there are consistent, fair and transparent standards across all affordable housing providers.

2.23 The Minister for Housing will bring forward a draft regulatory framework for affordable housing which will set the standards that providers should meet when delivering their core services. These include affordable rents, decent standard homes, tenancy security, and customer service and engagement.

2.24 The outcome will be an affordable housing sector that sets the standard and adds value to the whole rental sector, promoting the interests of tenants and service users, delivering value for money, and contributing towards the aims and priorities of government.

Standards in the private rental sector

2.25 The private rental sectors provide homes to a range of different people, many of whom would be unable to access other forms of tenure or who are attracted to the choice and flexibility that renting in the private sector offers them.

2.26 This makes it important to address some of the main areas of concern in the private rental sector in terms of occupancy standards. These areas include the condition, repair and maintenance of rental accommodation; and tenancy relations between landlords and tenants.

2.27 The SHU, working with other Departments, is already developing a number of proposals that will help to secure and embed improvements in the condition of rental accommodation and to improve management standards generally across the rental sector. These include:

- The introduction of the draft Public Health and Safety (Rental Dwellings) Law to monitor and enforce minimum health and safety standards for residential rental accommodation. This is due to be debated by the States in mid 2015 with new legislation coming into force in 2016
- The drafting of a regulatory framework to oversee the provision of affordable housing which will protect and promote the interests of tenants and other service users
- The increase of support and information on housing issues, including a good practice guide for the rental sector
- A voluntary accreditation scheme for landlords
- A compulsory licensing scheme for owners of Houses in Multiple Occupation
- Measures to deal with poorly performing landlords
- A review of security of tenure provisions across the rental sector, particularly for households which occupy 'lodging' accommodation.

New building standards

2.28 There is currently a review of building standards looking at both external and internal space, which is likely to be adopted by the Minister for Planning and Environment in 2015. Space is an important issue to be addressed in ensuring the homes we build meet people's needs.

2.29 There is also ongoing work being undertaken by Health and Social Services in delivering assistive technology and home improvement services to enable people to live safely in their own homes as their needs change. Work is also undertaken by the affordable housing providers and works are also directly funded by the Social Security Department.

2.30 Improving the energy efficiency of homes is being undertaken through changes in the building bye laws and the availability of grants for improving existing homes from the States Home Energy Scheme.

2.31 The SHU will explore with the building industry innovation in construction methods to assist with the affordability of housing.

Improving Design

2.32 All new homes will be built to lifetime homes standards, meaning that they will be capable of adaption over their lifetime to meet the changing needs of the household.

2.4 Create Strong Neighbourhoods and Communities

Objective 4: Create strong communities and neighbourhoods

- Promote sustainable communities with greater involvement in housing developments so that they better meet their needs
- Address the housing needs of unqualified residents

We will do this by:

1. Developing and promoting a framework to ensure that new developments and communities are diverse, have influence and provide a good quality of life.
2. Increasing the engagement of registered affordable housing providers with local communities
3. Review the current system of residential regulation to create a more equitable rental market.

2.33 We need to give communities the channels they need to influence change and to deliver the homes they need now and for future generations. Issues such as links with neighbours, access to transport, feelings of safety, a positive local identity and the ability to influence what goes on are important to people and communities.

2.34 We will develop a framework, (based upon similar work undertaken by Berkeley Group, for example ⁽⁶⁾) which covers both the physical and the social fabric of a neighbourhood. This has three dimensions:

- social and cultural life (what it's like to live there)
- voice and influence (how people affect what goes on)
- amenities and infrastructure (the design and facilities)

6 <http://www.berkeleygroup.co.uk/sustainability/reports-and-opinions/social-sustainability-reports>



Figure 11 Influences (Source: Berkely Group)

2.35 The framework that we develop will be applied pre-planning, during the development process, and afterwards to assess the quality of what has been delivered.

2.36 This offers developers a structured approach to place making in which the approach to the planning, design and management of public spaces is people-centered. It tries to encourage a shift in mindset away from thinking mostly about physical development to thinking more broadly and creatively about what makes a place somewhere great to live. This will enable planners to make informed judgements about the quality of applications and what is required from new housing to create a strong community. It will help convince the community and politicians that new proposals will genuinely add value to the local area and coherently address all the issues that affect people’s quality of life.

Unqualified residents

2.37 The aim of creating strong neighbourhoods, should not be limited to only certain parts of the community. The island has for many years operated a two-tier housing sector with those having obtained housing qualifications given the right to buy and rent any property on the Island. Although the strategy does not seek to review the regulations related to purchasing property, it will review arrangements for residents in the unqualified sector to see if a more equitable system can be developed.



3 Delivery plan

Housing Strategy Objective	Action	How we will measure success	Lead/Sponsor	Start	End
Objective 1: Ensure the supply of decent affordable homes meets the identified needs of the Island. <ul style="list-style-type: none"> Increasing housing supply, especially the supply of additional affordable homes, to rent and own Ensuring all new homes are built to high environmental standards Increasing the range of housing options available to those with specific housing needs, including; 	1.1 Explicitly define affordable housing and deliver policies that are sustainable, that meet the long term needs of the Island.	<ul style="list-style-type: none"> Adoption of an affordable housing policy paper 	SHU	Underway	Q2 2016
	1.2 Developing and promoting home ownership initiatives such as shared equity/ownership and deposit loan schemes	<ul style="list-style-type: none"> Availability of new housing products 	SHU	Underway	Ongoing
	1.3 Using States owned-land, assets and existing housing portfolio to build more affordable homes	<ul style="list-style-type: none"> Number of new affordable homes built 	SHU, Treasury and JPH	Ongoing	Ongoing
	1.4 Reviewing and introducing fiscal measures to increase the supply of affordable housing: <ul style="list-style-type: none"> MITR & Stamp duty policy review Review of Planning Obligation Agreements 	<ul style="list-style-type: none"> Introduction of a policy/policies that delivers affordable housing windfall gains through private developments. 	SHU, Treasury and DoE	Underway	Q4 2018
	1.5 Developing detailed housing plans for specific groups, such as people with mental illness, physical and learning disabilities, autistic spectrum disorder, ex-offenders, young people, older people (extra care village scheme), key workers (including a definition) young	<ul style="list-style-type: none"> Adoption of housing policy papers for specific groups 	SHU, Health and Social Services and Parishes	Underway	Q1-4 2016

Housing Strategy Objective	Action	How we will measure success	Lead/Sponsor	Start	End
older households and those with disabilities.	parents, the homeless and victims of domestic abuse, to provide them with the right accommodation.				
Objective 2: Make best use of the existing housing stock <ul style="list-style-type: none"> Reduce under-occupation in the owner-occupied and affordable housing sector Reduce long-term empty properties Ensure the private rental sector is responsive to meeting housing need 	2.1 Revising housing gateway criteria and allocation policy which will be more equitable and closer match the demand with supply	<ul style="list-style-type: none"> Housing provision offered to a wider definition of households in need. 	SHU, affordable housing providers, Housing Gateway team & Social Security Department	Underway	Q2 2016
	2.2 Reviewing transfer incentives for households in affordable housing to downsize to more appropriate accommodation.	<ul style="list-style-type: none"> Number of households transferred to more appropriate accommodation 	SHU, affordable housing providers and Housing Gateway team	Q4 2015	Q2 2016
	2.3 Ensuring we have an efficient and flexible allocation process to swiftly re-let homes that become vacant in the affordable rental sector.	<ul style="list-style-type: none"> Reduction in time households are on waiting list and the period properties are vacant. 	SHU, affordable housing providers and Housing Gateway team	Underway	Ongoing
	2.4 Investigating ways to incentivise development of undeveloped land with existing planning permission.	<ul style="list-style-type: none"> Reduction in the amount of land left undeveloped 	DoE and Parishes	Q4 2015	Q3 2016

Housing Strategy Objective	Action	How we will measure success	Lead/Sponsor	Start	End
	2.5 Investigating ways to incentivise vacant property owners to make more properties available to the market.	<ul style="list-style-type: none"> Reduction in the amount of properties left vacant 	SHU and Parishes	Q4 2015	Q2 2016
Objective 3: Improve the condition, energy efficiency and suitability of homes. <ul style="list-style-type: none"> Ensure that a robust and proportionate system of regulation exists around the standard of existing residential accommodation. Ensure good design of new homes 	3.1 Developing a regulatory framework for affordable housing providers which will promote professional management standards, ensure all homes are of a decent homes standard, provide security of tenure and value for money.	<ul style="list-style-type: none"> Adoption of new affordable housing provider regulatory framework. 	SHU, Law Officers and Housing providers	Underway	Q1 2016
	3.2 Introducing a tenancy deposit scheme and developing a landlord accreditation scheme for the private rental sector that balances tenants' and landlords' rights and obligations.	<ul style="list-style-type: none"> Availability of a tenancy deposit scheme Adoption of a landlord accreditation scheme 	SHU	Underway	Q4 2015
	3.3 Implement minimum health and safety (Dwellings) law to improve standards in existing rental market housing by making full use of existing enforcement powers and through improvements rental standards.	<ul style="list-style-type: none"> Adoption of a new dwelling houses (health and safety) law 	SHU, Law Officers and Environmental Health	Underway	Q2 2016

Housing Strategy Objective	Action	How we will measure success	Lead/Sponsor	Start	End
Objective 4: Create Strong Communities and Neighbourhoods <ul style="list-style-type: none"> Promote sustainable communities with greater community involvement in housing 	3.4 Improve the affordability of running a home by helping residents to benefit from warmer and more energy efficient buildings.	<ul style="list-style-type: none"> Increase in number of properties that are energy efficient 	DoE	Ongoing	Ongoing
	3.5 Improve the design of new homes, through new space and density standards, ensure new homes meet lifetime homes standards and explore innovative approaches to design, including modern method of construction	<ul style="list-style-type: none"> Adoption of new residential space and density standards 	DoE	Underway	Q2 2016
	4.1 Developing and promoting a framework to enable the decisions to be made about new developments and communities to ensure that they are equitable, diverse, have influence and provide a good quality of life.	<ul style="list-style-type: none"> Adoption of a new sustainable communities framework 	DoE and SHU	Q4 2015	Q2 2016
	4.2 Increasing the engagement of registered affordable housing providers with local communities	<ul style="list-style-type: none"> Number of households/communities that positively engage with housing providers 	SHU and Affordable Housing Providers	Ongoing	Ongoing
	4.3 Review the current unqualified residential category and consider a single, equitable, rental housing market.	<ul style="list-style-type: none"> Existence of a more equitable, accessible private rented 	SHU and Population Office	Q1 2016	Q4 2016

Housing Strategy Objective	Action	How we will measure success	Lead/Sponsor	Start	End
<p>developments so that they better meet their needs</p> <ul style="list-style-type: none"> Address the housing needs of unqualified residents 		<p>housing market for all island residents.</p>			

