

STATES OF JERSEY



SOCIAL HOUSING IN JERSEY: INTRODUCTION OF A REGULATORY FRAMEWORK (P.120/2017) – AMENDMENT

**Lodged au Greffe on 18th January 2018
by Senator P.F.C. Ozouf**

STATES GREFFE

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FRAMEWORK (P.120/2017) – AMENDMENT

1 PAGE 2, NEW PARAGRAPH –

After paragraph (b)(iii) insert the following new paragraph –

“(iv) the inclusion of an appropriate power of Direction to the Regulator by the Minister for Housing;”;

and re-designate paragraph (b)(iv) as (b)(v).

2 PAGE 2, ORIGINAL PARAGRAPH (b)(iv) –

For the word “need” substitute the words “supply and the type of housing needed”; and after original paragraph (b)(iv) insert the following new paragraph –

“(vi) the establishment of a Housing Supply Commissioner;”.

SENATOR P.F.C. OZOUF

REPORT

Having attended a helpful and informative presentation on this welcome proposition, 2 amendments appear to be needed to improve the Minister's draft – which for the avoidance of doubt has my full support.

It appears to me that there is a requirement to include –

1. An appropriate directional ability for the Minister to discharge their role within certain circumstances and safeguards.
2. An important additional role for a focus on supply.

Amendment 1

The purpose of this amendment is to ensure that the regulator discharges their function in an independent way, but with democratic consent.

Whilst it is not explicit in the proposition, it is assumed that the legislation will contain appeal provisions which are full merits appeals, such as exists in the other regulatory Laws relating to bodies such as the Jersey Competition Regulatory Authority and the Jersey Financial Services Commission.

However, it can be argued that such legislation should also include an appropriate power of direction which, on the one hand ensures the appropriate independence of the regulator and the office, and on the other hand and at the same time is subject to an appropriate power to discharge the duties entrusted by the States to the elected individual who has democratic consent to oversee this important policy area, i.e. the Minister for Housing.

Such directional ability could be similar to that which exists in other Laws such as the Jersey Financial Services Commission and Telecommunications Laws, which have a prescribed directional ability.

For example, the process for making a Direction has to involve the following –

1. Directions should be sent in to the Regulator in draft and published.
2. Within a prescribed period, the Regulator's response to the draft Direction, which is also written, should be published.
3. That any Direction is made by Order of the Minister and therefore subject to the same checks and balances as subordinate legislation.

I suggest that consideration is also given for an urgent and interim time-limited Direction which would take immediate effect, but then require the above process to be gone through for the Direction to become permanent. An example may be in response to a particularly urgent issue, such as may have been required following the tragic news that fire-retardant material had resulted in loss of life in the United Kingdom, and that similar retardant might have been used in Jersey's housing stock. An immediate Direction could have been made to direct the regulator to take action in such urgent circumstances.

The latter directional power would be rarely used, but consideration should be given to both types of directional ability.

Amendment 2

The 2 other amendments are the addition to (b)(iv) and a new b(v), and should be taken together.

Housing is one of the dominant issues which is of concern to all Islanders, of all ages, incomes, and household type.

There has been a welcome and very significant investment in social housing made by the Fiscal Stimulus programme, additional capital programme investment and the Housing Bond; and now a proper segregation of duties with the creation of Andium and the revised remit of the Minister for Housing.

The credit for this welcome programme should rightly be given to former Senator T.J. Le Main when he was Minister for Housing, and also former Minister for Housing, Senator A.K.F. Green, M.B.E. The former was the first individual under the Chief Ministership of former Senator F.H. Walker, who brought to the attention of Members the chronic under-investment in housing. The former Minister for Housing worked tirelessly to deliver on the agenda, and the current Minister has continued with the full support of the Chief Minister.

The current Minister has worked tirelessly, and this proposition deserves Members' support; and it is acknowledged that this has been done with what are arguably insufficient policy resources to make the progress that I know the Minister and Chief Minister wish to see.

Despite the efforts of these individuals and others, there is more that needs to be done. This proposition permits making it very clear that there is an equally important issue of supply which needs to be dealt with.

Many Islanders are concerned by the lack of affordable housing in Jersey that is forcing residents to pay excessive mortgages or rents for sub-standard living standards. The Minister's report deals with the important issue of standards.

However, standards are going to be extremely difficult to be raised or enforced without the appropriate supply.

Comments such as: "To get anything half-decent is astronomical" are all too often heard from many hardworking Islanders from all walks of life.

Many Islanders are concerned that the same developers are granted the right to build properties, essentially because of people that are more familiar with the planning process than smaller house builders.

These strongly-held views add to the scepticism and lack of trust in the States and its ability to deliver what Islanders need, and what many would argue are the legitimate expectations of a home that they can really call their own, whether it be a rental property, a shared ownership property, or a wholly-owned property.

These views are exacerbated by a widely-held view that there are more so-called larger or luxury new-builds bought by investors, and that many new properties are being bought by people who already own a home and therefore view housing as an investment as opposed to somewhere to live.

There is a need for a vibrant social rental and private sector rental market that works for the many, not the few.

In talking to Islanders, I have heard the real concerns of many that the rent some pay exceeds the amount for a mortgage on the cost of buying a similarly-sized apartment or house to the one they rent.

This problem prevents Islanders from saving for a deposit to buy property.

Older Islanders who own their homes express concern for the prospects of their children, worrying that they may be driven out of Jersey by their inability to get themselves on the property ladder.

To address the issue, some feel that the Council of Ministers should introduce rent controls. Rent controls have been discussed by experts and debated by parliaments around the world. On balance, they are viewed in isolation as an ineffective solution, despite being well-intentioned.

An alternative supply-side focus is clearly required. This is the purpose of this additional amendment.

Someone who has a relentless focus on thinking, researching and explaining the supply side of housing.

The Parish of Trinity introduced an innovative starter-home scheme which has been hugely successful. In addition, a previous Council of Ministers had introduced a form of shared ownership, and the previous Treasury administration introduced a scheme to help first-time buyers.

The current Council is drawing up plans for more supply of both social housing and forms of shared ownership, but many to whom I have spoken believe that these schemes need to be dramatically extended, and many feel that the States should do more to financially support first-time buyers looking to enter the property market. There are numerous interventions that are required and the role of Planning is vital.

It is clear that the current Minister for the Environment is alert to these issues; however, there are a significant number of consents that have been issued, but housing supply is insufficient and prices have already risen, and some are concerned that with the economic resurgence clearly underway, there is the beginning of what could be a perfect storm of a lack of supply and much-needed housing in the next couple of years.

Members need to be alert to this serious issue, and whilst regulation is welcome, as is an appropriate and balanced application of the Control of Housing and Work Law – a relentless focus on supply is needed.

Supply of all types of homes is needed. The political response needs to be commensurate to the emerging and real problem that hundreds of Islanders face in housing costs.

There is an issue that needs action, and this proposition gives Members the opportunity to indicate to the Public the need for supply.

A comment I have heard is –

“I’m mortgaged to the max and I’m worried if the wrong decisions are made with the economy and jobs that I could end up with the house in negative equity.”.

Also –

“I’ve got a son who’s 28, I’d like to see him be able to own his own property.”.

There is no doubt that Jersey has high house prices and rental levels that are out of the reach of many renters and aspirational home-owners. This is a function of a successful economy, but the importance of having sufficient income after housing costs has been an ongoing concern for many Members.

Just as there has been a welcome appointment of a Commissioner for Children in Jersey, so can it be argued there should be an individual whose job it is to champion and set out the facts of the supply (and demand) of all types and tenures of housing.

This amendment is made in a non-prescriptive way to take the opportunity of the welcome introduction of an appropriate and proportionate regulation of housing, and add the equally important issues of a separate or concomitant role to focus on supply.

The office-holder and their reporting mechanisms should have the ability to influence.

Their conclusions should hold weight and ensure that the facts about supply are known, published and championed, and this focus on supply would hugely assist that appropriate pressure is brought to Ministers and their departments for action.

Financial and manpower implications

The costs would be limited to a maximum of £50,000 per annum to allow for a sufficient amount of days for such a Commissioner and for appropriate research; some of which will be able to be carried in-house by the existing Statistics Office, Economic Adviser and Planning.