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# STATES OF JERSEY



## HOUSING POLICY GUIDANCE: HOUSING AFFORDABILITY AND THE SOUTH HILL DEVELOPMENT

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Presented to the States on 1st September 2021  
by the Council of Ministers

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STATES GREFFE

## REPORT

### PART 1 – BACKGROUND AND SUMMARY

#### Background

1. Improving the quality and affordability of housing has been a strategic priority of this government since it was formed. The fourth priority of the Common Strategic Policy<sup>1</sup> is that: “We will reduce income inequality and improve the standard of living by improving the quality and affordability of housing, improving social inclusion, and by removing barriers to and at work.”

2. The Government’s plans to address housing affordability were set out most recently in the Creating Better Homes action plan, published by the Minister for Housing and Communities<sup>2</sup>. They are summarised as five strategic priorities (as set out in the diagram below) and, taken together, represent a whole-system intervention in Jersey’s housing market, supported by strong political leadership and a new partnership focus across the housing sector.



3. In addition, the draft bridging Island Plan sets out a range of land allocations and a housing policy framework to support an 80% increase in housing starts by 2025.

4. These strategic plans, both of which are informed by the work of the Housing Policy Development Board, are supported by significant programmes of government backed development, of both open market homes and affordable homes for rent and purchase, accessed by the Housing Gateway.

5. The key aims for the development of the South Hill site were set out in Supplementary Planning Guidance by the Minister for the Environment and are enclosed at Annex 1.

#### Summary

6. Ministers have produced this additional housing policy guidance, as requested by the States Assembly in their vote of 22 July 2021 (P.69/2021), to ensure that their existing

<sup>1</sup> See: [r.11-2019](#) at [www.statesassembly.gov.je](http://www.statesassembly.gov.je)

<sup>2</sup> See: [r.98-2021](#) at [www.statesassembly.gov.je](http://www.statesassembly.gov.je)

strategic plans to address housing affordability in Jersey might be supplemented by additional tactical measures in the South Hill development.

7. Ministers have sought to meet the request of the States Assembly - that guidance be provided before the end of August 2021 - whilst also ensuring that this guidance is coherent with wider housing policy work and available resources. In particular, this guidance is intended to align to the future guidance framework being developed, in response to P.165/2020, for the Waterfront development.

8. The document is formed of three parts:

- Part 1 – Introduction and summary
- Part 2 – Housing affordability
- Part 3 – Guidance 9. Part 3 establishes both

9. Part 3 establishes both:

- An interim set of draft **General Principles**, which apply in respect of the South Hill development, and which it is expected may apply to future similar developments, and
- A set of **Specific Principles** that relate to the South Hill development.

10. The specific principles provide that, in advancing their plans for the development on the South Hill site, SoJDC will:

- Ensure that buy-to-let investors are prevented from acquiring units on the Development at the initial point of sale.
- Take such steps as are necessary to provide that the Development and the units thereon are structured by way of Flying Freehold.
- 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.

11. The draft General Principles provide, amongst other things, that further details of the scheme should be agreed in consultation with the Minister for Housing and Communities.

12. The Minister for Treasury and Resources, as the Government's shareholder representative, will write to the Board of SoJDC to give effect to this Housing Policy Guidance, which applies only to the States of Jersey Development Company and only in respect of the South Hill Development.

13. The capital receipt from the land sale at South Hill is intended to be reinvested in affordable housing products. As a result of this guidance:

- SoJDC will not, at the point of sale, receive the full market value of those units sold through the shared equity scheme
- It is not possible to know when, or whether, people that buy a shared equity property will wish to purchase the retained equity held by SoJDC.
  - As a result, payment to the Government by SoJDC of around £5.3m – or an amount equivalent to the value of the retained equity – is expected to be deferred.

## **PART 2 – HOUSING AFFORDABILITY**

### **Housing affordability**

14. The Creating Better Homes action plan recognises that, currently, the imbalance between supply of and demand for housing in Jersey is driving up prices and pushing the hope of owning a home out of reach for a large number of people.

15. Data from the Jersey House Price Index, compiled by Statistics Jersey, shows: that the price of an average house in Jersey was c.£630,000 in 2020, up from c.£430,000 a decade ago, in 2011; and that the average cost of a four bedroom family home is currently £1.164m. During the same period, the Housing Affordability Index, which indicates whether a working household with average (mean) income can purchase a property affordably, declined by 11%.

16. The government has clear plans in place to address both supply- and demand-side challenges. Action is being taken now, for example to prioritise housing for all Islanders by removing the ability for developers to create new share transfer dwelling units; and to increase support for any families that may find themselves in acute housing difficulty.

17. It is clear though that long-term strategic and structural change is also required, to policy, regulation and government and industry skills and capabilities. These include new migration controls and a common population policy, the development of which are well underway, and coordinated planning and housing policy that can address the undersupply of housing in Jersey.

18. Evidence provided to the Housing Policy Development Board was clear that *“the most significant barrier to housing delivery is land supply”*<sup>3</sup>. The draft bridging Island Plan takes the tough decisions to make land available – in the most sustainable locations – to build more, and sets out a Plan for Town that promotes sustainable increases in density and height of buildings to achieve a managed increase in development, but not at the expense of outcomes for Islanders.

19. There are no shortcuts in this work, and no easy solutions. Sustained and coordinated activity across government and housing providers is required, over many years, to achieve a managed adjustment in housing affordability. This strategic action remains the focus and priority of government.

### **The role of government backed development**

20. Affordable homes bring real public benefits to Jersey. They ensure we are an inclusive society, that all children can get a good start in life and that our family and friends can live and age well.

21. Government recognises that it has a role in giving direct backing to development that improves housing affordability and has a range of policies that actively support the creation of more ‘category A’ affordable homes for rent and purchase. These policies include:

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<sup>3</sup> [Policy briefing on development barriers](#) (Altair, 2019)

- Public borrowing of £250m to provide stable, low-cost financing to Andium Homes and other housing trusts. This money has funded massive improvement in the standard of affordable homes and is supporting the development of new affordable homes.
- Affordable homes for rent are subsidised, on average, by at around 20% of market rates; and affordable homes for purchase – such as through the Andium Home Buy scheme – must meet specific affordability criteria.
- Scarce land is made available through the planning process to ensure more affordable homes can be built – whether on rezoned sites or in developments on public land.

22. The Minister for Housing and Communities, in his Creating Better Homes plan, continues to back Andium Homes' plan to build 3000 new affordable homes by 2030 and commits to actions that will help achieve this, such as putting in place a long-term pipeline of land release by the end of 2021.

23. Given the significant public benefits that derive from the provision of affordable homes, it is right that significant public investment is in place to secure these benefits. It is equally right that the vast majority of islanders that are able to afford to rent or buy without public support, should do so. That is why eligibility criteria are in place that mean that the vast majority of Islanders will never access a 'category A' Affordable Home.

24. In this context, the States of Jersey Development Company (SoJDC) have an important role to play as the government backed open market developer, to supplement private sector development, increase supply, and contribute to improving housing affordability for all Islanders.

25. SoJDC schemes also deliver a range of wider benefits. In this example, the South Hill scheme has been designed to provide:

- improvements in the vicinity of the site, including:
  - regeneration of the children's playpark
  - new footpath and pedestrian crossings
  - a new café
  - new public WCs
  - enhanced environmental standards for construction and building and performance (targeting BREEAM Outstanding and Passivhaus certification)
- a capital receipt from the land sale, which it is intended will be reinvested in new affordable housing products, and
- developer profit that will cross-subsidise extensive improvements in the Waterfront area, including:
  - public realm improvements, including landscaping and new shared open space
  - a new sports facility
  - improvements to sea defences and access
  - improvements to Route de la Liberation and the Esplanade, and
  - a modern public parking facility.

## PART 3 – GUIDANCE

### Draft General Principles

26. These draft General Principles are established on an interim basis.

27. They apply in respect of the South Hill development, and it is expected may apply to future similar developments. They may however be revised in whole or in part, subject to further policy development and consultation.

28. The draft General Principles are:

- A. The Regeneration Steering Group (RSG) continues to provide a guiding framework for the activities of the States of Jersey Development Company (SoJDC), as established in P.73/2010.
- B. This guiding framework includes advising SoJDC as to the political priorities for the reinvestment of any profit from development.
- C. In providing this advice RSG will have regard to a range of considerations, including but not limited to:
  - I. The priorities established in Common Strategic Policy and other strategic plans;
  - II. The business plan of the SoJDC and additional information provided by SoJDC in respect of the relevant development; and
  - III. A proportionate assessment, which may be conducted by a third party, of the viability of a scheme in respect of the political priorities for reinvestment established under draft General Principle B.
- D. Where political priorities for reinvestment include the provision of a product offered on anything other than general open market terms, SOJDC will consult with the Minister for Housing and Communities, specifically on the nature of that such product.
- E. Where additional financial support is required from Government to ensure the viability of a scheme, the policy justification for this will be set out as part of any relevant Ministerial Decision, having regard to the considerations undertaken in line with draft General Principle C.

### Viability

29. In line with draft General Principle C(iii), and P.69/2021 (part (c))<sup>4</sup> the specific principles set out below are informed by an assessment of viability.

30. That assessment required that the wider anticipated benefits of the scheme, established by RSG in line with draft General Principle B (and set out in the first bullet point of paragraph 25), should be retained and delivered as planned.

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<sup>4</sup> Which requests the Council of Ministers to provide guidance “to be used by SoJDC with the aim of maximising the proportion of homes to be designated as for ‘affordable purchase’, **while maintaining the overall viability of the scheme**”.

31. Given the restricted timescale afforded for this work by P.69/2021, the viability assessment consisted of a desk top review of information provided by SoJDC and associated discussions.

32. The assessment established that the scheme would be viable, in line with this Housing Policy Guidance, provided the Government could accommodate a deferred payment arrangement on the land sale, at the point of scheme completion, of an estimated value of £5.3m.

33. The capital receipt from the land sale at South Hill is intended to be reinvested in affordable housing products. As a result of this guidance:

- SoJDC will not, at the point of sale, receive the full market value of those units sold through the shared equity scheme
- It is not possible to know when, or whether, people that buy a shared equity property will wish to purchase the retained equity held by SoJDC.
- As a result, payment to the Government by SoJDC of around £5.3m – or an amount equivalent to the value of the retained equity – is expected to be deferred.

#### **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.

**Aims of development for the South Hill site - extract from Supplementary Planning Guidance<sup>5</sup>**

- to regenerate and redevelop this site through high quality urban design involving the introduction of new residential accommodation or tourism or cultural uses into the area, helping to develop a sense of place and positively contributing to the development of a vibrant St Helier waterfront;
- to protect and enhance the iconic nature and settings of historic St Helier landmarks in and around South Hill, including Fort Regent, Elizabeth Castle and the historic harbours;
- to seek to secure a viable economic use for the listed building on the site, as an integral part of the redevelopment scheme, having regard to its historic character, integrity and setting;
- to protect the natural landform, greenery and long views of the site by seeking to ensure that the height of new development does not project above the line of the natural landform when viewed from the historic harbours;
- to ensure the optimum development yield, in terms of number of homes or floorspace, through an urban design led approach which: makes the best use of the site's topography; enables sustainable transport choices; and facilitates the imaginative provision of and access to amenity space; and which better integrates the development into the local area whilst mitigating its impact upon local infrastructure;
- to design high quality public spaces which deliver connectivity to adjacent land alongside environmental enhancement measures to maintain and enhance local biodiversity and conserve the specific character of the area;
- to provide an architectural treatment which balances the optimisation of sea views whilst avoiding visually assertive, dominant or damaging façades, and which, for any residential use, minimises the provision of north-facing principal rooms;
- to ensure that development respects and complements local architectural context and character in terms of design and materials.

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<sup>5</sup> Available at: [R -South Hill Development Brief Final \(gov.je\)](#)

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