

STATES OF JERSEY



AFFORDABLE HOMES IN THE SOUTH HILL DEVELOPMENT

Lodged au Greffe on 28th June 2021
by Senator S.Y. Mézec
Earliest date for debate: 20th July 2021

STATES GREFFE

PROPOSITION

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

to agree that in the proposed development of South Hill by the States of Jersey Development Company (SoJDC) that –

- (a) no residential properties should be sold on to buy-to-let investors;
- (b) to request the Chief Minister to use his powers under the Control of Work and Housing (Jersey) Law 2012 to put such conditions on the South Hill properties;
- (c) to request the Council of Ministers to present a report to the States Assembly by 31st August 2021 which provides 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; and
- (d) to request the Minister for Treasury and Resources, as shareholder representative, to instruct the SoJDC accordingly.

SENATOR S.Y. MÉZEC

REPORT

Summary

This proposition seeks to ensure that homes built by a publicly-owned developer on publicly-owned land will be sold to produce the greatest public benefit, rather than to provide private investment opportunities.

It seeks to abide by the aspirations set out in the Housing Policy Development Board's report¹ and other reports that have been published over the last 3 years on changes to housing policy which are being pursued.

If adopted, the government would be required (as they were on the adoption of P.165/2020, for the Waterfront) to produce guidance on how the States of Jersey Development Company will be required to maximise the provision of affordable homes in the South Hill development.

Introduction

The consequence of providing an over-supply of affordable housing is that those who could afford to pay more, get to pay less. The consequence of providing an under-supply of affordable housing is that those who could not afford to pay more will end up suffering.

The government's own projections now show that we are not set to deliver the amount of affordable housing that is demonstrably needed. I will set out later in this report why that is the case.

Yet we have a government-owned developer building homes on government-owned land which are catering for a level of need which is not there, and which could be catered for in the private sector anyway. They are doing this because they are instructed to generate as much profit as possible, not because they are instructed to address housing need. This provides a serious risk that the homes they are constructing will have a disruptive effect in the housing market, potentially skewing the private rental market and contributing to rental inflation.

The housing affordability crisis in Jersey will not resolve itself through more reports, investigations or collecting statistics. It will be fixed by taking direct action to provide more affordable homes for Islanders. Only building more affordable homes, not merely talking about it, actually delivers affordable homes.

The longer the government prevaricates on this issue, the worse things become. The South Hill site is an opportunity which should not be wasted.

The Objective Assessment of Housing Need report

As the former Minister for Housing, I published the 'Objective Assessment of Housing Need' report², which was produced for us by arc4, and which provided projections for

¹<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20Housing%20Policy%20Development%20Board%20Final%20Report%20April%202021.pdf>

²<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/Objective%20Assessment%20of%20Housing%20Need%20Report.pdf>

the size and tenure of homes that would be needed in Jersey over the next 10 years, based on different population policy projections.

The report indicated that, irrespective of what population policy was adopted, the need for more social rented housing remains at around 900. This is likely because of the fact that people do not qualify for social housing until they have resided in Jersey for 10 years and obtained their housing qualifications. It further provided a breakdown of open market housing required, based on different population scenarios.

The report has since been said to have impacted on the development of the Bridging Island Plan and has been used in correspondence with me from the SoJDC to justify their particular proposals.

I believe this report is being misused and misunderstood. The report clearly says that the figures it provides for affordable housing need are “minimum” and that their own modelling techniques acknowledge that if further need is evidenced for affordable housing, that an uplift in those figures is necessary.

It also does not account for potential changes in policy in other areas, such as the eligibility criteria for the Affordable Housing Gateway.

The Housing Gateway Review, the Homelessness Review and the Housing Policy Development Board have all said that the eligibility criteria for the gateway are too narrow, and exclude many who are quite clearly in housing need and would benefit from access to social housing or affordable purchase homes.

Having served as Housing Minister, I have confirmed that the only reason that the gateway criteria have not been expanded up until now is because there is not sufficient supply available to cope with the extra demand this would cause. This is not an ideal situation, and one which no Housing Minister would defend as desirable. However, in P.143/2019³, I accepted that the gateway criteria should be expanded, and this has been taken up also by the current Housing Minister in R.98/2021.

This means that the need which the OAHN report was based on is changing. Therefore, by their own admission, the numbers they produced need re-examining. It is now indisputable that the need for affordable housing has increased at the expense of the need for more open market housing. Therefore our targets for affordable housing ought to go beyond what the OAHN report demonstrates, and our housing providers ought to be working on that basis.

South Hill

In answer to a written question asked by me, provided on 17th May⁴, the Treasury Minister confirmed that there are to be no homes designated as affordable in the proposed South Hill development.

Or, to put it another way, 100% of the homes will be designated as ‘unaffordable’.

³<https://statesassembly.gov.je/assemblyreports/2019/r.143-2019.pdf>

⁴[https://statesassembly.gov.je/assemblyquestions/2021/\(223\)%20approved%20and%20answered%20sen%20mezec%20to%20tr%20re%20homes%20planned%20for%20construction%20by%20sojdc%20on%20the%20south%20hill%20site.pdf](https://statesassembly.gov.je/assemblyquestions/2021/(223)%20approved%20and%20answered%20sen%20mezec%20to%20tr%20re%20homes%20planned%20for%20construction%20by%20sojdc%20on%20the%20south%20hill%20site.pdf)

The Minister said in her response “the States established Andium Homes as its key delivery vehicle of affordable homes for rent and sale, and that Andium have recently announced the delivery of over 400 properties on other sites in St Helier.”

But subsequent figures published by the Housing Minister in response to another question I asked⁵ reveals that the Housing Gateway now has 3,026 applications (of which 1,996 are for first-time-buyers) but are only currently developing 583. If you include the homes they have permission for, but have not yet started, and even include the homes they have announced their intentions to apply to build, that only becomes 1,189 homes, just over 1/3 of what is needed.

Even this 3,026 figure for housing need is not an accurate indication of the need for affordable housing in Jersey, because it only includes those who are currently eligible to be on the Affordable Housing Gateway, and excludes those who we know ought to be eligible and may well be made eligible soon as a result of reforms to the gateway that are on the way.

The Bridging Island Plan says that the target for affordable housing up to 2025 is 1,500, whilst the “Creating Better Homes” report bizarrely proposes a target of 1,000. So, the current target for new affordable homes is either 1/3 or 1/5 of the demand we already have on the gateway, let alone attempting to address the extra demand which will inevitably be presented when the gateway reforms are enacted.

It is clear that further effort must be made to provide an extra supply of affordable homes, and South Hill can serve as an opportunity to use a government-owned developer to use government-owned land to do this, rather than the current plans which are based purely to maximise profits.

Andium, despite their best efforts, are not able to meet all the demand for affordable housing on their own. The Treasury Minister is wrong to suggest that the SoJDC has no need to supplement the supply of affordable housing beyond what Andium is producing, because the numbers simply do not add up.

“no residential properties will be sold on to buy-to-let investors”

There is simply no evidenced need for more private sector rental properties of the type proposed for South Hill. A much better option would be to agree to sell the homes to prospective owner-occupiers in the first instance. At least this would provide home-ownership options to Islanders first and foremost, with many of them either downsizing from family homes or leaving rental property elsewhere to free it up for others.

Making this choice to only sell to prospective owner-occupiers has no effect at all on the profitability of the scheme, unless (and only unless) the intention is to deliberately inflate the price of the homes above market value by inviting investors to outbid other potential buyers. This would have a negative effect on the macroeconomic picture and is not something the government should be involved in.

⁵[https://statesassembly.gov.je/assemblyquestions/2021/\(234\)%20approved%20and%20answered%20sen%20mezec%20to%20hsg%20re%20housing%20gateway%20applications.pdf](https://statesassembly.gov.je/assemblyquestions/2021/(234)%20approved%20and%20answered%20sen%20mezec%20to%20hsg%20re%20housing%20gateway%20applications.pdf)

‘Homes to be designated as for “affordable purchase”’

Part B of the proposition is deliberately worded slightly different to the proposition I brought in relation to the Waterfront development, to ensure there is flexibility in the types of home on offer.

Whilst the Affordable Housing Gateway has a banding for those seeking to purchase a first-time buyer property, it does not cater for other forms of affordable purchase which it may be desirable to include in the South Hill development, such as downsizing.

I am therefore proposing that the SoJDC and Treasury work to provide us with detail of the breakdown of affordable housing options they are able to propose as part of this scheme, whilst leaving the overall project viable.

Financial and manpower implications

There are no direct implications as a result of passing on this proposition, as no planning application has formally been presented, and no political steer has been given to the SoJDC as to what their application should include.

It may be argued that this could lead to a reduced profitability for this development, but we have yet to be informed what profit projections they are anticipating or what government services have been planned for predicted on an enhanced dividend return from the SoJDC, so this argument would be irrelevant.

Children’s Rights Impact Assessment

Article 27 of the United Nations Convention on the Rights of the Child promotes the “right of every child to a standard of living adequate for the child’s physical, mental, spiritual, moral and social development”

Article 27(3) of the United Nations Convention on the Rights of the Child places an obligation on States Parties to assist those responsible for children to implement this right, including by providing material assistance to access support, including housing.

Jersey has significant waiting lists for social housing and first-time-buyer homes, and even in the private sector many islanders with children struggle to find appropriate accommodation.

By ensuring that the maximum benefit derived from a housing development goes to those needing access to affordable housing rather than investors, Jersey will be supporting more children to have decent and stable homes in which to live and thrive in.

In addition to the points listed above, the CRIA provided in Public Health and Safety (Rented Dwellings): Request for New Regulations (P.20/2021)⁶ includes many considerations that would also apply in this case.

⁶ Public Health and Safety (Rented Dwellings): Request for New Regulations - <https://statesassembly.gov.je/assemblypropositions/2021/p.20-2021.pdf>