

2025.05.13

**2.8 Deputy A.F. Curtis of St. Clement of the Minister for Housing regarding the construction and total build costs for new social housing (OQ.111/2025):**

Will the Minister advise what data he holds regarding the construction and total build costs for new social housing, including by Andium, and if he has any data, will he advise the typical or average costs social housing providers are paying to deliver new units of accommodation?

**Deputy S.Y. Mézec of St. Helier South (The Minister for Housing):**

I do not personally hold data regarding the total build costs for new social housing. If I did, I am not entirely sure how far I would want to go in disclosing the details of it, because I would not want to jeopardise the social housing provider's ability to negotiate the best contracts possible in delivering new housing. What I can say to the Deputy is that the Minister for Treasury and Resources undertakes a third-party assurance review of Andium's development proposals prior to granting her consent as the shareholder representative. In doing so, she will consult with me, although that is more on the kinds of homes proposed in developments rather than the financials. I understand that the third-party assurance review considers financial matters such as the forecast outturn costs for constructing the development and projected income from the rent and sales on completion of the development. The purpose of that exercise is to make sure that all of those numbers add up and that all of the developments are viable and viable in such a way that Andium can deliver those new housing developments in line with the policies that we have as a government, including their responsibility to abide by the social housing rents policy and to provide affordable homes for purchase. How that works on every development will look different, because the costs are necessarily going to be different, whether it is a development in the countryside of lots of houses versus a block of flats in town and whether there is public realm improvements included in that or other amenities that are not especially housing, so it would differ from site to site.

**2.8.1 Deputy A.F. Curtis:**

The Minister has quite rightly highlighted the third-party assurances performed by Treasury. I am surprised that he does not have access to those himself. Does he consider, as the Ministerial authority in Housing, that understanding the market for the cost of providing social housing, both in the countryside and in town, is incredibly important for the policy and political lead for how social housing prices and rent is set, as well as how we can have a viable and good quality stock of social housing and that should be part of his purview?

**Deputy S.Y. Mézec:**

No, is part of the answer to that. I am not the shareholder representative. The Minister for Treasury and Resources is the shareholder representative for the various companies that are owned by government. That means that she and her team have those people with all of the financial expertise you would want to ensure that there is good governance over these processes. I am content in that part of the system. When authorising a development to go ahead, the Minister for Treasury and Resources does consult with me. I believe that I have good input into that, in terms of what kinds of homes we are seeing on particular developments and whether they meet what I would regard as the housing need that we are aware of at any given point. If we were to move to a system where the entire governance of Andium as a social housing provider was given to me rather than shared with the Minister for Treasury and Resources, that may well cause as many issues as it resolves. So I am not necessarily convinced that a change to that would be something I would welcome.

**2.8.2 Deputy R.S. Kovacs of St. Saviour:**

Given that build costs and borrowing terms influence new social housing developments, can the Minister confirm how these factors affect the rents charged and what the implications are for long-term affordability?

**Deputy S.Y. Mézec:**

In a sense there may be some chicken and egg here, in that the developments that are authorised are done so on the basis of current policies. If we wanted to change policies, we are democratically free to do so, but we would have to be cognisant of the financial impact that that would have. That does not make that impossible. That makes it something that is within our rights to examine and see if tweaks are possible. I certainly support doing that. Going forward on any future developments, all of that would have to be taken into account, including whatever social housing rents policy we had at the time and ensuring that everything is viable. I have faith that the kind of exercise that already exists to ensure that that is the case is working well.

**2.8.3 Deputy R.S. Kovacs:**

Does the Minister hold that on the current level of demand for family-size social homes, to buy or rent, and can he outline any plans to increase the availability of such units, including how affordability is considered in their cost, design and delivery?

[11:15]

**Deputy S.Y. Mézec:**

The future provision of family-sized homes is absolutely what we need to be focusing on at this moment in time. We have had years of providing for smaller homes for that kind of need. That was right to do, but now I do believe we need to pivot to delivering family-sized homes. Much of that will be in the rezoned sites in the Bridging Island Plan. Those have been calculated based on projections of need for those kinds of homes. Andium has gone to the market and has found a good funding mechanism to help deliver on those homes. There will still need to be assurances and approvals as they deliver on those sites, to make sure that Treasury, from a shareholder perspective, and myself, from a housing policy perspective, are content that the sites are doing what they need to and are providing the right balance of affordable homes for sale and for social rent.

**2.8.4 Deputy J. Renouf of St. Brelade:**

There was a recent Ministerial Decision regarding Maison Les Arches development in town which was taken over by Andium, which would have potentially highlighted the high costs of development. In fact, there were questions in the Assembly regarding the viability of that scheme. Does the Minister worry that the costs of construction is affecting the viability of social housing providers whose capped rents may not cover these costs in the future?

**Deputy S.Y. Mézec:**

No, I could not disagree more. There is a process for appraising the viability of these projects as they go ahead. The one that the Deputy refers to - Les Arches - was one where Andium were proposing buying the extra properties on that site that initially were not to be included as part of Andium's portion of it. I fully supported that, because I thought that that seems to be a good thing to do in the market. Andium believed that they could do it. The Treasury ultimately believed that they could do it. It would mean all of the homes on that site, rather than just a portion of them, would end up in the social rental sector. We went through a process to work out whether that was viable and everybody concluded that it was. That is good news.

**2.8.5 Deputy J. Renouf:**

I would like the Minister to confirm that he did read those documents relating to Maison Les Arches development and the total cost, because it is a reasonable question to ask whether the total build costs are in the construction sector at the moment, which can only be covered by rents, which is the only income that the social housing providers have, that at some point those total build costs might exceed the rental income. Does the Minister have any concerns about that?

**Deputy S.Y. Mézec:**

I have to be honest, we are going around in circles. There is a process that exists specifically to answer the question on a development-by-development basis that the Deputy is asking. In the one that he has highlighted, they examined it and concluded that the answer was that it was viable. If, in the future, we come to development and costs have changed and needs have changed, et cetera, and they look at a proposal and they go through it and conclude that it is not viable then we will have that drawn to our attention and we will have to find a way of overcoming it. The process for determining that has worked for those developments up until now. I believe that it would work in helping us identify when there is one that is not viable.

**Deputy J. Renouf:**

Sir, could I ask for clarification around the point of whether the Minister did see the Les Arches documents?

**The Deputy Bailiff:**

Yes, you were asked a question about your personal involvement in this by the Deputy.

**Deputy S.Y. Mézec:**

Yes, I did.

**2.8.6 Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter:**

In a written answer that was published today, there is a provision of the current borrowing of Andium, which amounts to over £400 million. Does the Minister believe that it is viable for Andium to continue to borrow at such levels in order to deliver future developments?

**Deputy S.Y. Mézec:**

I have to confess and say that I have not seen that specific written question. I am presuming that that was directed at another Minister. The short answer to her question is yes, I am satisfied with it.

**2.8.7 Deputy A.F. Curtis:**

Andium is Jersey's largest housing developer and could be providing the Minister with rich data on build costs. Given the Minister considers the housing crisis a priority of his, does he not consider that understanding the relationship between build costs, rental costs, and purchase costs is essential to making informed policy and legislative decisions about the housing market and if not, why not?

**Deputy S.Y. Mézec:**

I am going to reiterate what I have said throughout this questioning, that there is a process in place for working out the viability of developments when they are proposed. It is a good process. It is working and the developments that Andium are going ahead with are viable and are working. I have to be honest, I am not sure what the Deputy thinks is not working in that and what I could solve if extra responsibility on that was given to me or moved away from Treasury. I do not understand the problem that he is trying to get out that he thinks I could solve with a different system. The developments that are going ahead are viable. That is good news.

**Deputy A.F. Curtis:**

I do not believe the Minister answered my question there. My question was about the fact ...

**The Deputy Bailiff:**

From what perspective?

**Deputy A.F. Curtis:**

My question was not about the viability of social housing schemes. It was about the fact that all the data that the Minister could have access to should inform his wider legislative policy, for example, about creation of housing or rent measures or any of that. The Minister focused purely on the viability of social housing schemes, whereas I was asking for his view as to why he does not use construction cost data within his political policy making.

**The Deputy Bailiff:**

The question you originally asked was about the construction build costs for social housing.

**Deputy A.F. Curtis:**

It was and that is because of the larger source of data the Minister has available to him. The question was not necessarily about viability of schemes. It was specifically about the fact that he should have access to 1,000 properties of development data. I interpret that I should be able to ask about how he could use that for his own portfolio not for, necessarily, just those schemes.

**Deputy S.Y. Mézec:**

Whenever I am considering changes to the offers and developments or social housing rules or anything connected to Andium, we make these decisions on the basis of all of the information available to us in the round. Andium has themselves lots of the data that Deputy Alex Curtis is referring to, so when I speak to them about potential changes, they will be the ones with access to that data that they would bring to the table for any part in that discussion. I do not feel like I am losing out, because all of the people who I would need to discuss all of those potential changes with have that and are able to bring it to the table at that point anyway. I do not feel I am lacking anything or potential access to any data when any opportunity comes to me to change policy.