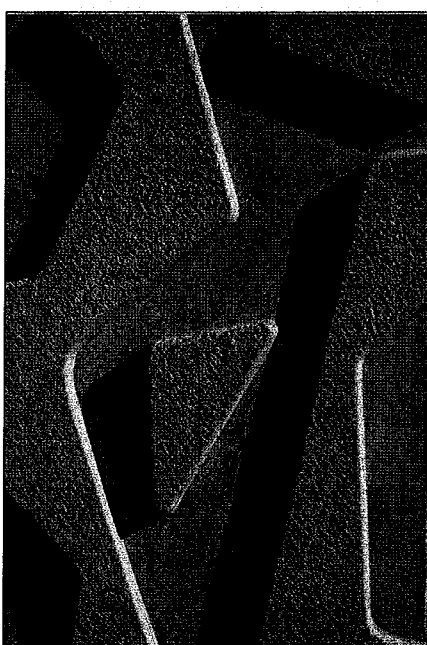




Health, Social Security and Housing Scrutiny Panel

Review of the Social Housing Property Plan 2007 - 2016



Presented to the States on 18th June 2007

S.R.12/2007

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Chairman's Foreword

I took on the Chairmanship of this Sub-Panel with a degree of apprehension.

The Housing Department is one of the great Sacred Cows of Jersey. It provides about 4,400 homes to Islanders. It houses about 13,000 Islanders. It is both a landlord and a benevolent safety net to many Islanders. Any attempt therefore to modify, innovate, change or alter the structure of the Department must be done in an integrated and competent manner. To that end, I approached the Housing Property Plan in its present form with some trepidation.

In order to effectively carry out an objective review, I paid particular attention to the composition of the Sub-Panel. I am grateful for the willingness of Sub-Panel Members and for the hard work they have put in. I want to thank Deputy Breckon for the responsibility he gave me, Deputy Le Hérissier for the commitment and good humour he brought to our work, The Constable of St. Martin for his great ability to bring us back to a fundamental point that needed clarification, and the Constable of St. John, for bringing his knowledge and experience of the Housing system, from being a first-time buyer to his ability to analyse Housing refurbishment figures and financial statements. My thanks must go to the dedication and professionalism of our sole Scrutiny Officer.

I can honestly say that there has been no dissension of any kind on the Sub-Panel. The findings we have come to and the recommendations we make within this report are and were an evolved series of consensus conclusions.

We acknowledge the co-operation of the Housing Department and the 6 meetings we had with either the Minister or his officials in this relatively short period of time. That does not include a plethora of e-mails and phone calls between our Scrutiny Officer and Housing officials. There were some differences of opinion on the style of the questionnaire and this was resolved after about five weeks of discussion.

We sought some independent advice and after a short selection process, chose ConsultCIH, the consulting arm of the UK Chartered Institute of Housing. The Sub-Panel wanted to work with a body that had experience of similar housing authorities in the UK. To that end, CIH brought a depth of knowledge and impressed the Sub-Panel with its ability to quickly assimilate the peculiarities of Jersey Housing.

We undertook to distribute a questionnaire to all States Households and we were surprised and pleased to receive a response rate of 28%, with 1,248 being returned out of 4,437.

I believe that our report acknowledges and compliments the work of the Housing Department to date. However, the Sub-Panel is of a view that a much wider body of work needs to be completed before fundamental changes to Housing stock and balance are commenced. Indeed, the Sub-Panel is of the view that it is a risky proposition to proceed without further study of Housing needs in the future.

We draw the Housing Department's attention to the Sub-Panel's concerns about the future requirement for family sized three and four bedroom homes. We point out that we have

questions about R.94, Planning for Homes 2006. We have many questions about sheltered housing, its type, definition and estimated demand. We would like to see the net return to the Housing Department from the proceeds of sales at Le Squez and Le Marais. We feel that a thorough and fundamental review of rent subsidy has got to be undertaken as a matter of urgency in conjunction with Treasury and Social Security. We feel there are inequities in the selection process of both the homes to be sold and the eligibility of both States tenants and tenants in the private sector. We have concerns about the methodology of the valuation process. We draw attention to the need for a much more comprehensive review to be undertaken of all Island Housing including the future of the Housing Department, Housing Trusts, private sector rental and a possible new authority for Jersey Housing.

We also have concerns about the “Buy to Let” market. While this is outside the control of the Property Plan, it nevertheless affects the supply of good affordable housing to the local market. There is some anecdotal evidence that a number of A-H properties are being bought, some for a cash consideration and reducing the supply of affordable accommodation in the A-H market. While these homes are being rented again in the A-H market, nonetheless we feel that further study needs to be undertaken to find out the extent and amount of A-H properties that are being bought and being taken out of the local market and what effect this is having on the stated wish in the Strategic Plan to increase home ownership.

It is with these concerns that we recommend that the Housing Department take the views reflected in this report into consideration before any further decisions are made and that they give due and urgent consideration to a bigger and more comprehensive review of Island Housing. This review has never been carried out and is, in the Sub-Panel’s view, long overdue.

Sean Power

Executive Summary

The Sub-Panel has had some difficulty balancing the various priorities identified within the Social Housing Property Plan. The Plan is intended as a means of urgently raising funds for refurbishment and ongoing maintenance, but it also talks about realignment of Housing stock to fit demand, increasing home ownership, sheltered housing, demolition of high-rise blocks and the Department's future policy towards Housing Trusts. These aims are somewhat disparate; the Sub-Panel has found that there is a lack of evidence within the Plan to support some of its assumptions. The stance adopted by the Minister and his Department towards the Scrutiny Review has resulted in some questions going unanswered when they may have helped the Sub-Panel's understanding of the Plan's motivation.

The Sub-Panel, assisted by its advisers concludes that the Plan could possibly achieve its aim of resolving the Department's financial difficulties, but it has a number of serious reservations about the wisdom of proceeding without considerably more work being done first. For example, the main reason for the budget shortfall which is driving the Plan is the enormous (and increasing) burden placed upon the Housing budget by the rent subsidy system over many years. Rather than dealing with the subsidy issue, the Department seems happy that the responsibility for subsidy is shortly to be transferred to Social Security, meaning it is no longer the Department's problem.

The Sub-Panel is strongly of the view that rental subsidy will continue to be a major problem for the States and the Island unless it is directly addressed as part of an overall review of the Island's housing provision.

On p.21 the Plan states:

'It is a central principle of the present report, that the funding issue needs a long-term, sustainable solution – not the sort of quick fix that ultimately makes the underlying problems worse.'

The Sub-Panel is forced to the opposite conclusion – that the Plan *has* primarily developed as a 'quick fix' for the Housing Department's financial woes; whilst it also addresses some of the targets set out for Housing in the States Strategic Plan, it does not do so as convincingly.

It has struck the Sub-Panel very forcefully that it is almost impossible to consider the Plan in isolation when so many issues affecting the future of Social Housing provision remain unclear. Planning for Homes 2006¹, upon which the Plan is partly based, refers to the possibility of an additional 500 households per year combined with a reduction in the residential qualifying period to ten years as the 'worst case scenario'² in respect of the need for new homes. While the reduction in the qualifying period to ten years has been agreed major decisions on population and migration remain to be taken, yet despite this the Housing Department's Plan assumes that selling a sizeable number of family-sized properties will not result in a future shortfall in social housing stock. This would seem to require a considerable leap of faith.

¹ Planning for Homes 2006, R.94/2006

² Planning for Homes 2006, R.94/2006 p.28

Regarding increasing home ownership, the Sub-Panel has doubts about the valuation process, affordability and the selection of properties proposed for sale; there are also serious issues of equity as to which homes are to be offered for sale and how many tenants will be able to purchase. The Sub-Panel does not necessarily oppose the sale of any properties but it believes that these issues must be addressed before the process can go ahead.

The Sub-Panel also has no doubt that sheltered homes must be a high priority for the future, and the results of its tenant questionnaire lend some support to the Department's predictions about demand; however it feels that there is insufficient evidence presented in the Plan for the case to be conclusive. How many homes are required, where they should be, who will pay for them, issues concerning Parish nomination rights, Parish Trusts, all remain to be resolved; the mix of units to be sold and to be retained for rental in any combined Parish development will also need to be considered.

Concerning the future of high-rise blocks, in particular Convent and Caesarea Courts, the Plan advances a case for demolition and replacement with new housing schemes. In the absence of plans for re-development it is not possible for the Sub-Panel to assess the financial advantages or otherwise of this move objectively. The Department argues that management and security create problems in high-rise blocks, and that the costs of maintenance tend to be higher than for other forms of social housing. The Sub-Panel's advisers have indicated that alternatives to demolition, such as internal remodelling to create more appropriate units for sheltered housing have been successful elsewhere. The Sub-Panel is therefore of the opinion that further information about the cost and nature of the proposals for re-development of these sites, together with an independent assessment of possible alternatives should be sought before any final decision to demolish is taken.

Finally, the Plan proposes that there should be no further transfers of stock to Housing Trusts without the explicit agreement of the States. The advisers to the Sub-Panel note that the largest local Housing Trust (the Jersey Homes Trust) appears to be well managed and has exceptional key performance indicators. However, the Plan correctly points out the disadvantage to the Department in transferring stock to Trusts; rental income is lost to the States, whilst rent subsidy continues to be payable in the form of rent rebate to Housing Trust tenants. Thus under the current rent subsidy scheme the Sub-Panel would have to agree that further transfers to Trusts could be considered inadvisable.

The Sub-Panel respects the drive and enthusiasm of the Minister, his Assistant Minister and the Department for this Plan. However, unless it is to be assessed within the context of an overall Housing Plan, it is not satisfied that all the necessary work has been done.

1. Introduction

1.1 The Social Housing Property Plan

The Social Housing Property Plan seeks to address various targets set out for the Department within the States Strategic Plan 2006-2011. In the Department's own words (Section 1.1.1):

"the essential purpose (of the Property Plan) is to identify and address the estate management, maintenance and refurbishment issues currently confronting the Housing Department, considered together with the States commitment to expand home ownership, and to make recommendations accordingly."

Priority issues are cited as:

- *Dealing with the immediate problem of refurbishment requirements*
- *Ensuring that States rental accommodation is fit for purpose, with particular reference to the demographic bulge*
- *Putting the Departmental budget on a sound footing, with particular reference to the ongoing revenue cost of maintenance*
- *Increasing the level of home ownership in Jersey, particularly in respect of States Tenants by devising innovative means for them to purchase existing states rental accommodation*

1.2 Publication of the Plan

The Minister for Housing lodged the Social Housing Property Plan 2007-2016 au Greffe on 16th January 2007. A front page report on the same day in the Jersey Evening Post caused alarm amongst some Housing tenants; the newspaper headline referred to a 'massive sale of States property' and the body of the article was understood by some people to indicate that many properties occupied by tenants had already been earmarked for sale under the Plan. This was not in fact the case, except for a small number of 'non-core, prime location properties' listed under Appendix C. However, it later became clear that an explanatory leaflet from the Department which had been intended to coincide with the publication of the Plan was not delivered on time in many cases, leaving tenants confused and concerned about Housing's Plan.

Senator Le Main (hereafter referred to as the Minister) indicated that he would take the Plan to the States on 13th March 2007. However, a week after the initial publicity, on 24th January another front-page article highlighted concerns raised by Deputy Celia Scott Warren. This referred to the upset and anger felt especially by elderly tenants, who would not be able to participate in the shared equity scheme, and might be forced to move out of homes they had occupied in some cases for decades. The plight of elderly tenants was also the subject of a letter from Senator Ben Shenton. A meeting called by Deputies Geoff Southern and Shona Pitman on 29th January attracted a number of tenants from different parts of the Island, some expressing concern but others supportive of the Plan, and on 30th January the Housing Minister was reported in the Jersey Evening Post reassuring tenants that there would be no evictions, only opportunities for those who might be

interested in buying. This was supported by members of tenants' associations. Continued criticism concerning the late delivery of explanatory leaflets was explained as the fault of the company contracted to arrange their delivery.

1.3 Formation of the Sub-Panel

Against this background of uncertainty the new Health, Social Security and Housing Panel (itself only in existence for just over a month) received notice of the lodging of the Social Housing Property Plan 2007-2016 at its third meeting on 10th January 2007 from Deputy Sean Power, who undertook to provide a brief report for the Panel. This led to the formation of the Social Housing Property Plan Sub-Panel, which met for the first time on 2nd February 2007.

Following the establishment of the Sub-Panel, representations from the Chairman were successful in obtaining agreement from the Minister to a delay in bringing the Plan to the States for debate, from the original proposal of 13th March 2007 to a revised date of 19th June 2007. This was considered to allow just sufficient time for the review to take place. However, the Sub-Panel was subsequently informed by the Department that the Social Housing Property Plan itself had been in preparation since 2005, and reached its final draft form in July 2006. While it is understood that there was a need for input from Treasury before the Plan was finally lodged on 16th January 2007, it is felt that given the important changes to previously accepted principles and the capital sums involved in the Plan, greater consideration should have been given to allowing sufficient time for Scrutiny to carry out its rôle effectively.

1.4 Sub-Panel Membership

Social Housing Property Plan Sub-Panel members:



Chairman: Deputy Sean Power



Vice-Chairman: Deputy Alan Breckon



Members: Deputy Roy Le Hérissier



Connétable Silva Yates (St Martin)



Connétable Graeme Butcher (St John)

Officer Support: Mr M Orbell

1.5 Terms of Reference

Social Housing Property Plan Review

To consider proposals contained in the Housing Department's Property Plan to establish a refurbishment and maintenance programme for States housing stock funded by the sale of States-owned properties.

In undertaking this review the Sub-Panel will have regard to:

- The selection process for properties proposed for sale
- Implications for residents who may be affected
- The proposed funding model and financial implications
- The possible impact of these proposals on the wider housing market
- Any further issues related to the plan which may arise in the course of the review that the Sub-Panel considers relevant

The Sub-Panel will report its findings and recommendations back to the States.

2. Recommendations

The Sub-Panel has reservations about the analysis of future demand for social housing and whether this supports the Plan (see Section 3.1)

Recommendation 1:

An all-Island survey needs to be undertaken to identify existing numbers of households (including 'hidden households') in Jersey in order to determine future housing needs.

The sale process for properties as outlined in the Plan demonstrates significant shortcomings (see Section 3.2)

Recommendation 2:

A transparent and equitable process for the sale of properties needs to be established before any further properties are sold.

Fundamental problems relating to rental subsidy are not addressed in the Plan (see Section 3.3)

Recommendation 3:

That the Comptroller and Auditor General be requested to undertake a study of the past and present relationships between Housing and Housing Trust finances and rent subsidy schemes, together with the implications of the move to Social Security.

The Sub-Panel questions the assumptions behind the refurbishment of properties under the Plan (see Section 3.4)

Recommendation 4:

The need to refurbish properties intended for sale other than for major structural reasons should be reviewed; buyers should have the opportunity to refurbish their own properties.

The Sub-Panel also finds that the model put forward in the Plan for increasing home ownership should more fully reflect the needs of the wider community (see Section 3.5)

Recommendation 5:

A model for home ownership should be established that also recognises the affordability issues facing younger residents and those on lower incomes.

4.1 Shared Equity

Recommendation 6:

- I. **A more flexible shared equity model should be investigated which will enable more tenants to participate in home ownership.**
- II. **Consideration should be given to extending the shared equity scheme to the wider market.**

4.2 Public Consultation

Recommendation 7:

There should be extensive consultation with tenants in future before any decisions affecting them are taken.

4.3 High-Rise

Recommendation 8:

Further investigation is required on both social and financial grounds before any decision is taken regarding Convent Court and Caesarea Court.

4.4 Budget

Recommendation 9:

The structure of Housing finance, including all the implications of financing Housing Trusts, should be reviewed by an independent body

3. Key Findings

- 3.1 The Sub-Panel has reservations about the analysis of future demand for social housing and whether this supports the Plan**
- 3.2 The sale process for properties as outlined in the Plan demonstrates significant shortcomings**
- 3.3 Fundamental problems relating to rental subsidy are not addressed in the Plan**
- 3.4 The Sub-Panel questions the assumptions behind the refurbishment of properties under the Plan**
- 3.5 The Sub-Panel also finds that the model put forward in the Plan for increasing home ownership should more fully reflect the needs of the wider community**

These findings are discussed in more detail below.

3.1 The Sub-Panel has reservations about the analysis of future demand for social housing and whether this supports the Plan

There is no existing up-to-date analysis of Jersey housing stock as a whole, so there is no definitive picture of current or possible future demand. The Plan is understood to have used data from the 'Planning for Homes 2006' report (R.94) and analysis of the Department's own waiting list in respect of anticipated demand. However, whilst Housing's waiting list is a useful indicator of existing demand for social housing, it excludes large numbers of non-residentially qualified people already living in the Island in low-income households. Planning for Homes 2006 explained how numbers on the waiting list are also susceptible to various factors:

'The 'States Rental Waiting List' currently comprises residentially qualified pensioners, low income families with dependent children and other people with particular social, personal or medical problems who cannot afford to, or otherwise be expected to house themselves in the open market. It does not include single people below the age of 50 without dependent children. In general terms, the Waiting List reflects the demand for housing by residentially qualified persons in greatest need. However, it has long been regarded as a good 'barometer' of the overall housing market and as a general indicator of relative

pressure on the housing market. Whilst an argument can be made for this, it is important to recognise that numbers coming onto the list will reflect / be influenced by a number of factors, including –

- *the level of rents;*
- *the differential between States rents and private sector rents;*
- *the price of local housing on the open market;*
- *the availability of suitable affordable homes in the Private Sector to rent and purchase;*
- *the future planned supply of States rental and housing trust homes;*
- *the development of first-time buyer homes;*
- *improved health and longevity;*
- *reductions in the residential qualifying period for in-migrants;*
- *unemployment levels and the associated emigration of lower income families; and*
- *the actual size of the waiting list (a shorter list will encourage more to apply).*

The level of rents is particularly significant, because the size of the waiting list will always be boosted where States rents are artificially held below market values. With this in mind, former Housing Committees sought for many years to set States rents at a reasonable but not excessive discount to the open market of about 10%. However, the rise in property values which has occurred since 1996 saw average States rents fall to between 20%-30% below market rents across the board. The previous Housing Committee attempted to rectify this by the introduction of significant annual rent increases and reduced the overall differential generally below 20%. However, fair rents have not been increased for 2 years.¹

A further caveat was included about the problems of predicting the need for social housing:

'It is extremely difficult to accurately forecast what the requirements will be for social rented housing, even over a 4 year period, given the many variables involved.'²

The Sub-Panel thus has concerns about potential future demand for social housing. Proposals for economic growth which might bring some 500 new households to the Island annually do not appear to have been taken fully into account in the Plan; figures released by the States Statistics Unit on 5th June 2007 show that the Island's population increased by 900 in the past year. It is clear that any substantial increase in the numbers of wealthy professional and business people in the Island will also entail an army of support workers to service their needs, with consequences for the levels of social housing required. The Housing Department has based its Plan on an apparent reduction in demand for its family-type accommodation, which will enable it to sell numbers of two and three bed properties from its portfolio, to be replaced by a lesser number of 'life-time homes' or sheltered housing. The Sub-Panel is not convinced by this, and believes that the assumption that 3,500 properties (plus sheltered housing to be developed) will be sufficient for the

¹ Planning for Homes R.94 2006 p.37

² Planning for Homes R.94 2006 p.39

community's needs is unwise in advance of the major decisions still to be taken concerning the Island's future population and migration policy.

There is anecdotal evidence that a large buy-to-let market is developing in the Island which is having deleterious effects upon the supply of housing available to purchase, with the potential for spill-over effects on social housing.

There are also concerns around the proposed reduction in the residential qualifying period for Housing purposes, the consequences of which are not easily quantified, and proposals under Income Support which would reduce to five years the qualifying period for new migrants to access housing benefit / rental subsidy. It is considered that all these variables taken together represent potentially unpredictable consequences for social housing, but that the trend would certainly seem to imply increasing rather than decreasing demand.

Advisers' comment:

- *'good UK practice in relation to housing demand analysis would be to use a wider set of sources than the local authority's waiting list – including an assessment of demand/supply across all tenures'.¹*

Such an assessment has not been attempted.

Tenants' comments:

- *'If properties are sold off where will the next generation who need rented housing going to rent?'*
- *'Jersey States Housing should remain with the States of Jersey. To sell off such assets to anyone private would be a grave error.'*

3.2 The sale process for properties as outlined in the Plan demonstrates significant shortcomings

In the course of a number of meetings, visits and Hearings the Sub-Panel was able to investigate the Department's proposals for the sale of properties. Specific concerns emerged in three main areas regarding the sale process.

3.2.1 Valuations

One of the Sub-Panel's early questions concerned possible difficulties for the Department of obtaining and maintaining robust, accurate valuations over the life-span of the Plan. While the Department seemed confident that this would not present a problem, the Sub-Panel was not convinced that the methodology proposed is suitable. The Department proposes to use three independent firms of estate agents to obtain valuations of properties proposed for sale. It is noted that mortgage lenders will only accept valuations from an associate or fellow of the Royal Institute of Chartered Surveyors, however the Sub-Panel accepts that all estate agents should be familiar with the value of property in the market. What is not clear is whether the Department will seek to obtain the best value for its assets, or if it would be more inclined to price homes for sale at such an attractive

¹ CIH Executive Summary 12.i

level that its Plan will be fully subscribed. Evidence received suggests that properties on the Le Squez/Le Marais development were originally offered at prices well below what could have been achieved in the market at the time. By unfortunate coincidence that point seems to have been given extra credence by recent publicity concerning Housing's attempt to redress serious shortfalls in valuation by asking purchasers still awaiting completion of their properties for more money.

Another concern about valuation arose from comments made by the Housing Department's Chief Officer during a Public Hearing with the Minister to the effect that *'they probably would only have to value one (property) on an estate because they are exactly the same'*.¹ This would seem to fly in the face of accepted wisdom regarding location, which strongly suggests that properties with bigger gardens, sunnier outlooks, or corner plots amongst others have significantly enhanced value.

Under the Social Housing Property Plan discounts of up to 25% could be worth £50,000 or more, so the importance of obtaining realistic valuations cannot be over-emphasised. It will also be important to be able to demonstrate that valuations and discounts are equitable, not just within individual developments, but across the whole range of properties proposed for sale under the Plan.

Advisers' comment:

- *'we are concerned about the apparent lack of a robust and transparent methodology/process for the valuation of the housing stock'*.²
- *'We recommend that the projected sales income is remodelled – on the basis of robust, property specific valuations and an assessment of the ability of households to afford the homes for sale - before any decision to adopt the Plan is made and that, before the Plan is approved, the Housing Department provides additional information on the basis on which the 800 properties have/will be chosen.'*³

3.2.2 Affordability

The Sub-Panel was very surprised that the Housing Department has apparently made no attempt to analyse the affordability of homes under the Plan. The Department has consistently restated its confidence that the 800 homes proposed will be sold, pointing to a waiting list of more than 200 people who they say have expressed an interest already as evidence of demand. However, they have not made any attempt to test the actual financial circumstances of these would-be purchasers. Instead, the Department is relying on its interpretation of their rent receipts. It points out in the Plan that 22% of tenants now pay 'full fair rents' with no abatement. (This figure has subsequently been amended in discussions to 27%). According to the Department this implies that these tenants have household income at a level which may permit the purchase of a home either at full market value or on a shared equity basis, with a discount of up to 25%. In fact one of their assumptions is that 50% of the homes included in the Plan will be sold at full market value.

¹ Public Hearing with Housing Minister 3rd May 2007, transcript p.62

² CIH Executive Summary 15.ii

³ CIH Executive Summary 16

The Sub-Panel has a number of concerns regarding these assumptions:

- they are not robust – there has been no attempt to test them, either through consultation or analysis;
- even if existing tenants are paying full fair rent, it is not clear whether they will have disposable income sufficient to afford to purchase, or the financial status and stability to obtain and service a mortgage;
- Housing are unable to provide an age profile of those paying full fair rent, but they accept that many will be tenants of a certain age. It is debatable whether older tenants will wish to take on a mortgage even if they are financially in a position to consider this;
- there has been no consultation with tenants to ascertain evidence of levels of demand;
- there is therefore considerable room for doubt as to whether sufficient homes will be sold to make the Plan financially viable;
- alternatively, it may be that the discounted prices are so attractive that an over-demand situation arises, which is not considered in the Plan and could lead to difficulties as to how Housing would choose between applicants.

Advisers' comment:

- *'we are concerned that the assumptions made concerning the households likely to take-up the shared equity are not robust'.¹*

Tenants' comments:

- *'Just to remind you people are in states rental for social/financial reasons not just for the hell of it, and most cannot afford to buy'*
- *'selling States homes is the last affordable chance that Jersey couples will have of owning their own property'*
- *'What a great idea. My flat is my home and it's a great opportunity to stay in it for life'*
- *'There are many low paid tenants which will be unable to take part in the plan what will happen to them will they be forced to move.'*

3.2.3 Selection Process

The Sub-Panel is not opposed to the sale of the 22 properties listed in Appendix C of the Plan. However, the selection process for the remaining properties proposed for sale under the Plan gives the Sub-Panel cause for concern. The rationale for these sales is intended to reflect the need for realignment of the Department's stock to reflect perceived demographic trends, in particular the need for more sheltered housing. It is also noted in the Plan that the sale of properties within estates should have the effect of improving the socio-economic mix of residents in areas where there may have been social problems. The Sub-Panel's concerns can be summarised as follows:

¹ CIH Executive Summary 15.iv

- if the main aim of the Plan is to increase home ownership, it should be targeted at younger couples and families;
- the group that Housing accept they are most likely to attract – older tenants – are least likely to want to take on a mortgage;
- the removal of Housing's 'best tenants' – those with no rent abatement – will change the tenant profile, raising the proportion of those who have financial or other difficulties and increasing the management burden on the Department. This will also have the effect of reducing rental income overall;
- the properties (or areas of properties) selected for sale necessarily represent more expensive, family-sized accommodation, to fulfil the Department's aim of realignment. However, these are also the least affordable for low-income households;
- the evidence that demand for family accommodation is reducing is inconclusive; the Housing Department's own transfer list currently shows evidence of unfulfilled demand;
- the reasoning behind selection of developments where properties will be sold is unclear – for example there is no evidence that the Department has identified properties with higher maintenance costs for sale.

Tenants' comments:

- *'If it was made easier to buy my house I would love to and for not first time buyers only'*
- *'Every tenant should be given the opportunity to buy their home not a house in a chosen area. Who are you to say who can/cannot buy their home. I think it is an unfair system in place.'*
- *'If you opened up a shared equity scheme to ALL states tenants to buy their present accommodation you wouldn't have to sell the 800 listed, in which some of the tenants can not afford to buy, hence having to move to alternative homes. We are 'gutted' that our house isn't on the list as we would have loved to have the opportunity to buy it.'*

3.3 Fundamental problems relating to rental subsidy are not addressed in the Plan

The private sector rent rebate scheme became available in 1990 and was brought into line with public sector rent abatement from 1993. Generous allowances and general availability with relatively few restrictions not unexpectedly sent the overall cost of rent subsidy into an upward spiral which has continued to the present day, with a cost to the Department in 2006 of over £25 million.

The Department has correctly identified this soaring burden of rent subsidy as being the primary reason for its failure to maintain its housing stock adequately over many years:

- *"The rental subsidy costs of the Housing Budget dwarf the sums available to carry out the Department's core tasks."¹*

¹ Social Housing Property Plan 2007-2016, p.13

However, the Department does not appear to have had any success in addressing the problem over a period of many years. The Sub-Panel has serious concerns about proposals under the Plan to transfer the burden to Social Security:

- the States as a whole have not been made aware of the possible implications of the planned transfer of rent abatement and rebate to Social Security under Income Support;
- the financial effects of the move are unclear owing to inadequate information;
- the implications of the change to a five-year qualification rule for housing benefit do not appear to have been adequately investigated. The Housing Minister made it clear at a Public Hearing on 3rd May 2007 that he strongly opposed this move:

'My view is that people should have a fairly good commitment to the Island, and I think 10 years for everyone is about right. I am terribly concerned. It is not going to come out of the Housing budget when we -- we are not going to be subsidising people after 5 years from our tenants' incomes. I can tell you - and I told Terry Le Sueur this - it will be over my dead body. I will take it to the States.'¹

However, at a subsequent States sitting (5th June 2007) he appeared to have modified this position:

'I do not oppose the 5-year rule now. I have had a full explanation.'²

- the exact sum of money to be transferred from the Housing budget to Social Security has not yet been agreed. (The reference in the Plan is to £25 million, roughly in line with current rebate figures, but in evidence figures between £21 and £23 million were mentioned);
- the Housing Department has made it clear that following refurbishment of its properties it would expect to put up its rents; however any increase in rents would have the effect of increasing the cost of subsidies to Social Security;
- the loss of Housing's 'best customers' under the Plan – those who currently receive no rent abatement, expected to be most likely to buy properties – would result in rental income which currently helps to offset the cost of rent subsidies being lost to the States. An increased proportion of those tenants remaining would be in need of subsidy via Income Support;
- if increases in subsidy were necessary, it is not clear where the money would come from, as the link to rental income would have been broken;
- if on the other hand (and as is widely expected) subsidy levels were cut under Income Support, the overall bill could be reduced, but it is not possible to establish whether this amount would be greater or less than the lost rent from home-buyers;
- the Department's plans to increase the number of sheltered homes available strongly suggests that subsidy levels in this area would need to increase;

¹ Public Hearing with Housing Minister 3rd May 2007, transcript p.43

² Extract from official report (unedited version) of States proceedings on 05.06.2007

- the only downward pressures which Social Security could exert on subsidies would be from tightening levels of subsidy or eligibility and reducing fraud, as they would have no control over Housing policy.

The transfer of housing subsidies to Social Security is characterised by a lack of certainties and big unknowns. The Island is in danger of moving from a situation where over-generous subsidies have been allowed to distort the whole rental market for many years, to one where the upper level of subsidies will quite rapidly be reduced, but at the same time they will become available to an unspecified (unknown?) number of people without local housing qualifications (under the five-year rule). These new recipients will be able to access housing subsidy seven years sooner than at present. During the same period it is likely that Housing will independently be seeking to raise their rents, which will very probably affect the whole market.

Advisers' comments:

- *'the States' policy on rental subsidy is "the elephant in the room". It is the key driver and constraint on all the options under consideration.'*¹
- *'we recommend that before the Plan is approved a full assessment of the proposed transfer of subsidy is undertaken.'*²

Tenant's comment:

- *'I think housing should sort out why there is no money left now, and not sell off properties to fund ridiculous ideas'*

3.4 The Sub-Panel questions the assumptions behind the refurbishment of properties under the Plan

The Plan argues that £75 million is needed to bring existing Housing stock (including those properties proposed for sale) up to a decent standard. It also suggests that States Housing stock would benefit from realignment downwards to 3,500 homes to better meet current demand, although at the same time indicating a need to plan for more sheltered housing. These two factors are then linked to produce the case for selling 800 homes, largely to existing tenants, to generate the necessary funding to refurbish the remaining stock. Some justification for both the refurbishment and sales to tenants can be found in the States Strategic Plan³, which proposes that all States-owned housing stock should be brought up to UK Decent Homes Standard by 2016, and that a shared equity scheme be introduced to increase home ownership, initially using existing Housing Department stock.

The Sub-Panel has a number of concerns about the proposals for refurbishment:

¹ CIH Report 5.35

² CIH Executive Summary 22

³ States Strategic Plan extract: Appendices p.57

3.4.1 Funding of the refurbishment programme

3.4.2 Assumptions

The Sub-Panel is not convinced that assumptions behind the proposed funding programme are robust. In the course of its investigations it has ascertained that Housing has already been allocated £30 million (£6 million per year for five years) from the Stabilisation Fund; it proposes to raise £10 million from the disposal of 'non-core' properties in Appendix C of the Plan; and it has already received States' approval for the first part of the Plan involving the sale of 208 properties at Le Squez/Le Marais. This suggests that there should be adequate funds already available to the Department to begin necessary renovation work.

3.4.3 Policy

In the absence of compelling financial evidence the Sub-Panel also questions the need for the States to approve two radical departures from existing policy to enable the Plan to proceed. It has serious reservations about the possible future implications of allowing Housing to use capital from the sale of stock for revenue purposes (the maintenance and refurbishment programme) and to retain and ring-fence receipts from sales of States assets, surplus to its existing requirements, for its own future use.

3.4.4 Discrepancies

The Sub-Panel has noted some discrepancies in information provided by the Department concerning the costs of refurbishment. At various times sums of £24-25,000 per property were originally quoted as being representative of the cost of refurbishment of homes at Clos Du Roncier, however during a Public Hearing the Minister indicated that the figure was likely to be nearer £30,000. Subsequently it has been confirmed by the Housing Department that this will increase with the apportionment of infrastructure and other costs as the project progresses. The plans at present allow for a spend of no more than £45,000 for each of the 83 homes.

3.4.5 The need to refurbish all homes – including those for sale

3.4.6 Value for Money

The Sub-Panel understands the reasoning behind the Housing Department's desire to refurbish all its properties, including those to be sold. However, especially given the figures shown above, even allowing for the fact that some properties will not require this level of expenditure to reach an acceptable standard the Sub-Panel questions whether these proposals represent best value for money for the States. While it may be laudable to refurbish properties to be sold to existing tenants, in a situation of scarce resource it might not be the best use of public money. In some UK schemes for discounted sales additional discounts were offered to take into account renovations that the purchasers might be prepared to take on themselves.

3.4.7 Choice

The Sub-Panel also received some comments from tenants in reply to the questionnaire indicating that they may prefer a further reduction in cost to enable them

to buy, rather than having to pay for refurbishment work by the Housing Department's contractors, which was sometimes felt to be of a very poor standard. This could for example enable younger tenants on lower incomes to access home ownership which may otherwise be impossible for them even under the Plan, whilst allowing them to choose what they would like to spend money on.

3.4.8 Reduction in sales required

The Sub-Panel is of the opinion that a reduction in expenditure on refurbishment proposed for homes to be sold along these lines could not only broaden the appeal for purchasers and improve access to the scheme, but also significantly reduce the number of homes which would need to be sold to finance the overall refurbishment and rolling maintenance programme for the future, allowing the Department to retain more flexibility to meet the possibility of increasing demand for social housing under new migration and population plans. If the Department were able to move ahead with sales without waiting for scheduled refurbishment work this could also potentially improve its financial position earlier than would otherwise be the case.

Advisers' comment:

- *'we would question the value for money of improving homes that will subsequently be sold: whilst we understand the Department's rationale for wanting to avoid the future disrepair of owned stock – it could be that, if these houses weren't improved a smaller number of units could be sold'.¹*

Tenants' comments:

- *'I suggest you should consider offering properties for sale in the condition they are in, for a lower price, then the owners can decide to what standard they want to refurbish them.'*
- *I think (if) the threat of moving sitting tenants in one bedroom or two bedroom accommodation (when their children grow up and leave) was removed, then the tenant themselves would put more effort and money into refurbishing their accommodation. But all in all the Scheme is a good one to allow tenants to buy*
- *Refurbishment / maintenance is good use of the proceeds as long as the work is of quality and long lasting. Not stretching money out on cheap workmanship and poor quality equipment, paints, furnishings etc.*

3.4.9 The Decent Homes Standard²

Under the Plan the benchmark selected for the refurbishment of homes is the UK Decent Homes Standard, highlighted in the States Strategic Plan³ as a target for all States-owned housing stock to reach by 2016. The Sub-Panel has the following reservations concerning the Decent Homes Standard (DHS) as an appropriate measure:

- DHS was introduced in England in the year 2000; even at that time it was considered to be a minimum, intended more as a trigger for action than as an

¹ CIH Executive Summary 15.vi

² Decent Home definition: Appendices p.51

³ States Strategic Plan extract: Appendices p.57

indicator of best practice. In the seven years since, Scottish and Welsh standards have been established which arguably go further, and 'excellent' landlords in England aim for a 'decent homes plus' standard. Given this indication that DHS in England has already been superseded the Sub-Panel is of the opinion that a 'Jersey Decent Homes Standard' could be established which would be more appropriate to the expectations of both tenants and home-owners in the future.

- It is noted that the application of higher standards might imply higher costs overall for the refurbishment of States-owned properties, but this could be offset by the possible savings indicated in paragraph 3.4.8 above.

Advisers' comment:

- *'We recommend that the Housing Department review the decent homes standard and that the States adopt a Jersey Decent Homes Standard'.¹*

3.5 The Sub-Panel also finds that the model put forward in the Plan for increasing home ownership should more fully reflect the needs of the wider community

The rationale for the Social Housing Property Plan is unclear. It attempts to address several targets at once:

- the Department's stated need for more funding to allow for maintenance and refurbishment;
- the need to plan for more sheltered housing;
- the desire to increase home ownership as set out in the States Strategic Plan.

It could be argued that in embarking on a Plan with such diverse aims the Department was inevitably going to have to embrace some degree of compromise. However, the Sub-Panel feels that proposals for increasing home ownership are flawed:

- it has long been accepted that some of those in greatest need of affordable housing in Jersey are young couples and families. If this Plan were really about increasing home ownership based on need it should seek to address the needs of younger buyers, up to the age of 40 years, who would in many cases benefit from higher levels of discount;
- the group that Housing accept they are most likely to attract with their Plan is older tenants with higher incomes;
- these higher-earning tenants are those least in need of assistance with housing costs, as demonstrated by the fact that they are not receiving rent abatement;
- they are also arguably less likely to want to take on mortgages and reduce disposable income to service new debt;
- they are likely to be less in need of family-sized accommodation, as their children will have left or expect to leave the family home;
- the selection process for properties to be sold under the Plan is effectively a lottery, with entry restricted to those who happen to live in an area selected for sales and who can afford to purchase at the time homes are made available;

¹ CIH Executive Summary 29

- the States Strategic Plan calls for equity in access to the housing market; this is clearly not achievable under the Plan's proposals;
- the increase in home ownership envisaged under the Plan is not targeted at those most in need of assistance and would therefore do little to address the recognised needs of the community.

Tenants' Comments:

- *'It's great, this will give so many people the chance to own their own home, who otherwise couldn't.'*
- *'I hope the housing department will give the 18-30 age group special help with decent affordable accommodation please'*
- *'It would be better to include the UK plan (to give the people with less money/sickness a chance to buy)'*
- *'I would like to buy but would probably not get a mortgage owing to my age and marital status.'*

4. Other Key Issues

4.1 Shared Equity

The Housing Department makes it clear in its Plan that it feels a shared equity scheme is the best way to enable existing tenants to access property ownership. Details of other schemes which have operated in the UK are reported in the Plan, but the conclusion reached is that shared equity offers significant advantages to the Department and the potential purchaser. The intended model would allow for 100% of the title to be conveyed, but with a discount of up to 25% of the value of the property, which will be recovered *"when the property is resold or ownership changes hands in any other way"*. By this means the States will share in any increase in the property's value, in proportion to the discount given.

Other than the outline proposals contained within the Plan, no concrete evidence regarding the Shared Equity model has been received by the Sub-Panel. A local mortgage adviser in contact with lending institutions from the UK reported that they have shown enthusiasm for the concept based on previous experience with the Le Squez/Le Marais project, but in the absence of firm proposals or a legal framework for the new scheme this has not gone further at this stage.

The Sub-Panel believes that the shared equity concept has merit, but raised a number of questions concerning the lack of detail in the model proposed by the Department.

4.1.1 How will an appropriate level of discount be assessed and agreed with the prospective purchaser?

No detailed information was forthcoming as to how the level of discount would be agreed with potential purchasers. The initial phases of property sales at Le Squez/Le Marais have been conducted under a different model, using a fixed level of discount. Presumably if the discount under the Plan is intended to vary according to individuals' ability to pay, potential purchasers will have to disclose full details of their financial circumstances to the Department in advance of any contract; something that tenants paying full fair rent are not currently obliged to do.

4.1.2 How will the States' interest in the discounted amount be secured?

The Sub-Panel is at this time unable to comment on the likelihood or otherwise of any contractual difficulties arising at resale, as it has not had sight of proposed contracts. The Housing Department has informed the Sub-Panel that it will be working on new contracts for properties to be sold under the Plan with Law Officers but that these will differ significantly in detail from those used at Le Squez/Le Marais.

In general terms some reassurance regarding the States interest in properties to be sold has been offered on the basis that property values in Jersey have risen steadily for many years, so the possibility of negative equity creating difficulties at resale seems unlikely. Similarly, the Sub-Panel was assured that reposessions in Jersey are extremely rare, and in the unlikely event of this situation arising it was felt that the full value of any

property should be easily recovered owing to increases in the market. However, there may be legal issues surrounding the sale of property at a discount to the purchaser, insofar as the Sub-Panel has been advised that actual value must be declared to the Royal Court at time of sale, to protect the lender's interests, and there may also be a question-mark over valuation for stamp duty purposes.

4.1.3 What happens if the property is not resold (i.e. it is passed on/inherited within the family)?

Again, this could not be resolved by the Sub-Panel at this time as contracts have yet to be developed. There will be a need for legal input here to test any contractual assumptions.

4.1.4 Experience in the UK

It is understood that in the UK, shared equity schemes have generally been targeted at encouraging younger buyers, sometimes by means of 'stair-casing', which allows larger initial discounts, with buyers subsequently having the right to purchase extra 'increments' when they can afford to invest more. While the Plan makes it clear that Housing have investigated a number of alternative purchasing arrangements which have been used in the UK, the Sub-Panel is not convinced that the shared equity scheme it has selected is in the best interests of potential buyers, especially those younger tenants most in need of help to make a first step onto the housing ladder.

4.1.5 Motivation or Disappointment?

It has been suggested that the Plan will motivate some tenants to improve their financial situation so as to be able to afford to buy, which could have beneficial effects both for them and for the economy of the Island; however it seems equally possible that as each tranche of properties is made available for sale, there may be a race between existing tenants to obtain finance and complete purchases before the first-come, first-served opportunity is exhausted. The Department has not put forward any indication of how sales may be regulated or allocated under the Plan, seemingly being content to leave this to the market. Consequently there is no answer for those who may miss out if the scheme is over-subscribed; short of a radical change in policy this is likely to be a 'once-in-a-lifetime' opportunity for purchasers.

Advisers' comments:

- *'We have concerns about the robustness of the shared equity scheme – and therefore the value of the income that can be generated for the Housing Department from the sales strategy.'*¹
- *'In the UK government policy over a considerable number of years has been to promote the expansion of home ownership through a variety of low cost home ownership (LCHO) schemes. Whilst we note the duty placed upon the Housing Department to establish a shared equity scheme (and confirm that the Plan delivers*

¹ CIH Executive Summary 15

against this duty) we would point out that it is possible to increase home ownership through a variety of alternative mechanisms.¹

Tenants' comments:

- *'I think the rents paid over the years should be taken into account 25% discount means nothing when it has to be repaid?'*
- *'On purchase of states accommodation, the rent paid and amount of years should reflect the price. As in UK/Ireland'*
- *'A single person should be able to buy on a low income with the option of their child/children being able to continue with the mortgage or sell'*
- *'I think this is great. I would love to buy a property but I find if I work more hours my rent goes up and I cannot save for a deposit. There is no incentive to buy my own place'*

4.2 Public Consultation

4.2.1 Housing Contact with Tenants

The Housing Department did not consult with tenants in advance of the Plan's publication; it has indicated that it felt this would have been inappropriate given that States Members had not been engaged prior to the Report and Proposition being lodged. The Department did produce a brochure outlining the reasons behind the Plan and its intentions, which was supposed to be delivered to all tenants on the day the Plan was released. The brochure was clear and concise in outlining the issues facing the Department and its plans for resolving them; thus it was unfortunate that many tenants did not receive it in time to prevent them being alarmed by the press coverage of the Plan itself. The brochure did explain that meetings would be held with Resident's Associations to discuss the proposals in more detail. The Sub-Panel has been told that meetings took place on the three evenings immediately following the launch of the Plan.

Housing claim to have visited all of the tenants living in properties featuring in Appendix C – the high-value, non-standard properties listed in the Plan for sale on the open market. The Department reported general agreement from these tenants on the need to move, although they are also offering first refusal, an alternate purchase opportunity, or a guarantee of a move to a suitable rented property to these tenants.

The Sub-Panel feels that Housing's publication of the Social Housing Property Plan was not well-handled. Even if the blame for late delivery of the explanatory leaflets lies elsewhere, there seems to have been little thought given to the wholly predictable concerns and distress felt by tenants on learning that the Department planned to sell off some of their homes. Reassurance that there would be no evictions as a result of the Plan came much too late to give tenants any comfort, so the first reaction to the Plan was in many cases one of fear and uncertainty. There seems to have been a failure on the part of the Department to anticipate this natural reaction from its own tenants.

¹ CIH Executive Summary 36

Advisers' comment:

*'We are concerned about the lack of consultation with tenants. Good UK practice in relation to option appraisals is to ensure that tenants are fully involved in the appraisal process from the start – this appears not to have been adopted in Jersey in relation to the Plan. In England option appraisals would only be 'signed-off' by DCLG (Department for Communities and Local Government) if robust consultation could be evidenced – including the provision of independent advice to tenants.'*¹

4.2.2 Scrutiny Questionnaire to All States Tenants

One of the early decisions taken by the Sub-Panel was that it would seek to send out a questionnaire to all States tenants to gauge their opinions on the Housing Department's Plan. It was felt that this would be the most effective way to give tenants an opportunity to comment on the Plan, which had clearly aroused strong feelings on publication. It was therefore something of a surprise to the Sub-Panel that at the first meeting held with the Minister and his Officers strong opposition was voiced by the Minister to any questionnaire being sent. The reason cited for this was that the Housing Department did not want to cause any concern, particularly amongst elderly residents, who would not be affected by the Plan. The Sub-Panel's view was that it should be possible to create a questionnaire which would not have such a negative effect; it also felt that the comments of retired residents with many years of experience in States rental properties should be valued.

This difference of opinion between the Sub-Panel and the Minister was never fully settled. Consultation and re-drafting demanded by the Housing Department caused significant delays in getting the questionnaire 'off the ground', with knock-on effects for the whole review. The Department eventually agreed to allow an amended questionnaire to be delivered to all tenants with their 'Community News' newsletter, for which co-operation the Sub-Panel was grateful. In the event the response to the questionnaire exceeded all expectations, with 1248 returns from 4437 forms sent out, a response rate of 28%. The questionnaires were delivered in the week commencing 30th April, and all returns received by 18th May 2007 were included in the analysis.

It should be noted that the tenants' comments quoted within this report are solely intended to illustrate relevant findings of the Sub-Panel. Some attempt has been made to balance comments where this was felt to be appropriate, but a small selection of comments cannot be considered as representative of all tenants' views. Many tenants restricted themselves to filling in the required boxes on the questionnaire and returned the forms without comments; others commented on a wide range of subjects relating to social housing, their own circumstances and sometimes other matters outside the scope of this review. The Sub-Panel has made its own interpretation of all submissions received, considered alongside other evidence; the analysis of survey results based on answers to specific questions on the form follows.

Tenant's comment:

- *'Hope there is no more papers to fill in it is making my hand dead. Third this year'*

¹CIH Executive Summary 23

4.2.3 Report and Analysis – Tenant Questionnaire

This section presents a brief selection of findings from the tenant questionnaire. The full report prepared for the Sub-Panel by Mr T.V. Bunting of E & R Consultants is available from the Scrutiny Website (www.scrutiny.gov.je).

Respondents

4437 questionnaires were sent to all States tenants and 28% (1248) were returned in time to be included in the analysis. The sample was seen to be a good representation of the demographics of States tenants as given in the Social Housing Property Plan Survey 2007-2016.

51% of respondents were over the age of 60 and 14% under the age of 40. 21% of respondents had been in States rental accommodation for 5 years or less, whilst 34% had been tenants for over 25 years. 68% of respondents lived in flats of various sizes, with the majority of respondents (46%) occupying one bedroom accommodation. 36% of all respondents were over 60 and living in one bedroom accommodation.

A list of proposed sales was sent with the questionnaire. 40% of respondents said they lived in an area where properties were proposed for sale; the majority of these were living in houses as opposed to bedsits and flats.

Interest in Purchasing under the Plan

One of the aims of the questionnaire was to find out how many tenants may be interested in buying property under the scheme. Overall 24% of respondents expressed an interest in purchasing. This proportion varied according to age, with 52% of 18 to 30 year olds and 61% of 31 to 40 years expressing an interest; this figure then declined with age and only 2% of over 70's expressed an interest in purchasing. Interest also varied with length of tenancy, most groups being around 30%, whilst the largest, 38%, was those of 16 to 20 years tenancy; over 25 years this declined to 9%.

These figures could be taken as encouragement for Housing's Plan. However, it is important to note that of the 24% interested in purchasing, one third currently live outside the areas where Housing propose to sell homes, and thus would be unable to participate under the terms of the Plan. Whilst many respondents were enthusiastic about the opportunity to purchase, this problem was reflected in a number of comments received from tenants critical of the selection process, suggesting that the only fair solution would be a 'right to buy' for all States tenants. This was sometimes accompanied by the idea that length of time in States housing or rent paid should be factored in to the level of discount to be offered, to avoid those who had moved in most recently gaining an unfair advantage.

A number of replies from tenants indicated that problems with neighbours would affect their willingness to buy property in certain areas; some felt that tenants with a poor record should not be allowed to purchase their homes, as this would affect others around them. Also, despite assurances from the Department, there is clearly still concern amongst some tenants that they may be moved out of their properties to accommodate the wish of others to buy in certain developments.

Refurbishment

There was a resounding acceptance (87%) that the money from sales of States accommodation should be re-invested into refurbishment, maintenance and the

development of sheltered housing. Some were concerned that properties for sale would be given priority unfairly over other homes needing repairs; there were a number of negative comments about standards of maintenance.

Sheltered Housing

The survey of tenants indicated that 59% of respondents were not interested in sheltered accommodation, leaving 41% of respondents who showed an interest at some stage. Of those aged over 40, 46% would be interested at some time in the future and 7% immediately. Of the over 60's 49% would move at some point and 8% immediately.

If these figures are considered to be representative of all States tenants, this would imply that over 200 tenants may wish to move to sheltered housing immediately, while a further 400 or possibly more would like to move within five years.

Respondents were asked which type of area they would prefer for sheltered housing: "existing parish", "countryside/quiet", or "town/near facilities". Of those expressing an interest, in St Helier only 29% would like to remain in the parish, whilst in St Saviour 41% wanted to stay there and in St Clement 55%. In the other parishes the figure was 74%. Overall the other choices were 28% in "countryside/quiet" and 23% "town/near facilities". These figures were consistent over the three major parishes but much smaller for the other parishes.

The findings concerning sheltered housing would generally seem to support Housing's position on demand for this type of accommodation, manifested largely outside the Plan. It seems clear that a majority of respondents believe that quiet areas are more suitable for sheltered housing, although there were some comments indicating that high-rise properties could be modified for this purpose. A number of comments suggested that housing for the elderly should not be mixed in with family accommodation.

A number of tenants also raised the point that one bedroom accommodation for the elderly does not encourage visiting and precludes the possibility of family members (or others) staying to help care for older tenants at times of illness. It is clear that two bedroom properties or homes with enough space to permit some flexibility over sleeping arrangements would be preferred as 'life-long' homes.

High-Rise

Overall 70% of respondents felt that high-rise buildings could be demolished and replaced with low-rise or sheltered housing. This view was consistent across all areas apart from St Clement, where the figure fell to 60%. The middle-aged groups and those interested in moving to sheltered accommodation were slightly more in favour of the demolition than others.

There was a feeling amongst the Sub-Panel that the framing of this question (included on the form at Housing's request) was possibly rather leading, as it did not take the comparative costs of demolition and replacement versus reburbing high-rise blocks into account. Some concerns were expressed in comments about the expense of this approach. A small number of respondents also mentioned concerns about over-development in the countryside as a possible consequence.

Housing Trusts

56% of all respondents felt that there should be no further transfers to Housing Trusts, whilst 36% thought they should continue. This was a consistent figure across most groups, except that older respondents and those who had been in States rental the longest were more concerned about the transfer. However, a significant number of respondents indicated that they did not have sufficient knowledge of the circumstances surrounding transfer to answer the question.

4.3 Demolition of High-Rise Blocks

Convent and Caesarea Courts are singled out for special attention in the Plan, and it also includes references to the possibility of demolishing De Quetteville Court and (nearer the end of the ten-year Plan) the Le Marais tower blocks. Although the Department admits that high-rise blocks are more suitable for over-55's than young families with children, it has indicated for example that to refurbish Convent Court to make it more suitable for occupation by the elderly would cost some £5 million. It is claimed that this sum would be better spent on bringing the block down and replacing it with low-rise flats and town houses, to help with the regeneration of the area.

In the absence of plans for the proposed re-construction it is difficult to make an informed comparison of the two options for Convent and Caesarea Courts. It is clear that tower blocks that are essentially sound have been successfully converted to sheltered housing in the UK; although there remains some doubt as to the physical condition of these two blocks, it has been admitted that suggestions that pieces of concrete were falling from them were an exaggeration. The Sub-Panel therefore feels that the case for demolishing Convent and Caesarea Courts remains to be proved, particularly as the replacement of high-rise with low-rise development seems likely to lead to a net loss of social housing units. This could potentially increase pressure for more new development elsewhere in the Island.

The Plan itself is not entirely consistent on the issue of high-rise; at 1.11 (p.17) potential health and safety problems for elderly residents in high-rise are emphasised, yet at 1.7 (p.12) it is proposed that some taller buildings could be remodelled as sheltered housing units. Replies to the questionnaire showed mixed feelings about high-rise, some (elderly) tenants clearly enjoying living in their flats, others unhappy with security issues and maintenance problems. There is an obvious tension between the elderly living in high-rise and young families with children in the same areas; however these problems have been addressed successfully elsewhere. Evidence received from a local architect with experience of high-rise issues strongly suggested more research and investigation into Convent and Caesarea Courts be undertaken before any decision is taken about their future.

Advisers' comments:

- *'Restricting high rise lettings to young and childless couples and the elderly has been found to transform the attractiveness of high rise apartments (which after all retain desirability for such demographics in the private sector)'.*¹
- *'The case for the demolition of high rise properties is unproven and (that) refurbishment may prove more cost effective in the long term than demolition'.*²

Tenants' comments:

- *'As I actually live in Convent Court which I agree to be demolished as they are cold, damp, draughty windows, etc and are not healthy for the over 50s'*
- *'Always been very happy at Convent Court'*

¹ CIH Report 4.85.v

² CIH Report 4.87

- *'I used to live at Convent Court and the sooner it is knocked down the better'*
- *'Please re-consider. Refurbishing Convent Court etc MUST be cheaper than simply knocking it down'*

4.4 Sheltered Housing

Long before the Social Housing Property Plan emerged the Housing Department was signalling an urgent need for more sheltered housing for the elderly. In recent times there have been various announcements to the effect that the Island needs to develop large numbers of sheltered homes to cope with existing demand and prepare for the future; it is forecast that 30% of the Island's population will be over 65 in 2030. It is of course hard to demonstrate the level of demand for such accommodation with any degree of accuracy; there has also been a reluctance to accept that development should be permitted in green zones.

Whilst fully accepting that there will be an increasing demand for sheltered housing in the next two decades, the Sub-Panel has some concerns that this appears to be a moving target. The Department has pointed out in discussions that while the Plan calls for the sale of 800 properties, 208 of these have already been approved by the States under the scheme for Le Squez/Le Marais, so that if 400 additional units of sheltered housing are taken into account the net loss to social housing will be marginal. However, it has not made a clear statement as to how or where these sheltered homes are to be created.

In the Plan itself, Proposition (iv) simply refers to the need to *'plan for the creation of additional sheltered housing, through conversion of existing stock and acquisition where appropriate'*. There is no explanation as to who is expected to fund or provide this sheltered housing; the Sub-Panel is strongly of the opinion that more information should have been presented within the report. There is mention of an estimated need for 350-400 sheltered homes within the next five years, but no detailed supporting documentation either for the level or the urgency of demand.

Tenants' comments:

- *'As we grow older and live longer sheltered housing sounds good. It all depends on the individual, ones independence is essential'*
- *'More sheltered housing in the country parishes for the elderly. P.S. it's no use having Constables on the panel!'*
- *'Sheltered housing is a good idea but not everyone in their mid fifties - 60's needs looking after. Some of us keep young and like to be independent.'*

4.5 Housing Budget

Tenant's comment:

- *'What has happened to the money from rents over the last 30 years if not spent on maintenance?'*

In terms of financial information the Social Housing Property Plan includes some details of the Department's current revenue budget and a lot of information concerning the projected costs of desired refurbishment works, together with some analyses of the anticipated effects of the Plan's implementation and individual examples of how the shared equity model might work. The Sub-Panel has no significant issues with the information that is provided.

What the Plan does not reveal in any detail is how the Department has arrived at a point where a major injection of capital is felt necessary merely to service ongoing maintenance costs. At an early stage in the review information regarding past budgets was requested by the Sub-Panel, which the Department proved unwilling or unable to provide; in subsequent meetings Housing advanced the view that the Plan is about the future, not the past. While it is understood that the Department wishes to progress its Plan and not dwell unnecessarily on ancient history the Sub-Panel felt that it was essential to its understanding of the current situation to obtain an accurate record of what has been happening to the Housing budget in recent years. It therefore took steps to collate some information generally available from published sources.

Initial examination of the Department's finances dating back some twenty years very clearly demonstrated the impact of the growing burden of rental subsidy on its other functions. What is most surprising to the Sub-Panel is that nothing appears to have been done earlier to contain the sums applied to subsidy at a sustainable level. The Parr Report, commissioned by the Housing Department and published in October 2000, clearly demonstrated the emergence of a subsidy 'black hole'. In 1991, figures for rent abatement and rent rebate combined amounted to £7.7 million, against gross rental income of £14.4 million. By 1999 the combined subsidy figure had risen to £17.6 million, while gross rental income was £24.1 million. The latest figures in the Plan show total subsidies of just over £25 million, against gross rents of £32.2 million. Considered as a percentage of gross rents the cost of subsidies escalated from 53% in 1991 to 73% in 1999; by 2006 it had risen to 78%.

Closer investigation demonstrates that the biggest growth overall has been in the area of rent rebate to the Private Rental sector and Housing Trust tenants. Between 1991 and 1999 this rose from 0.04% to 22% of gross rental income, and by 2005 to approximately 26%. By contrast, rent abatement for Housing Department tenants has remained fairly constant over the years, at around 50% of gross rental income.

The Sub-Panel's advisers, ConsultCIH were struck by the fact that in Jersey rent rebates and allowances not only of all public sector, but also private sector tenants appear to be funded directly from the rental income of States Housing tenants. According to their calculations the net unit subsidy currently being paid to the Treasury by States tenants is £4,531 per unit; under the proposals in the Plan reduced property numbers would see this increase to £6,480 (if it is assumed that the interest generated by sales reduces the rent

contribution to subsidy rather than contributing to the repairs budget this reduces to £5,013 per unit).¹

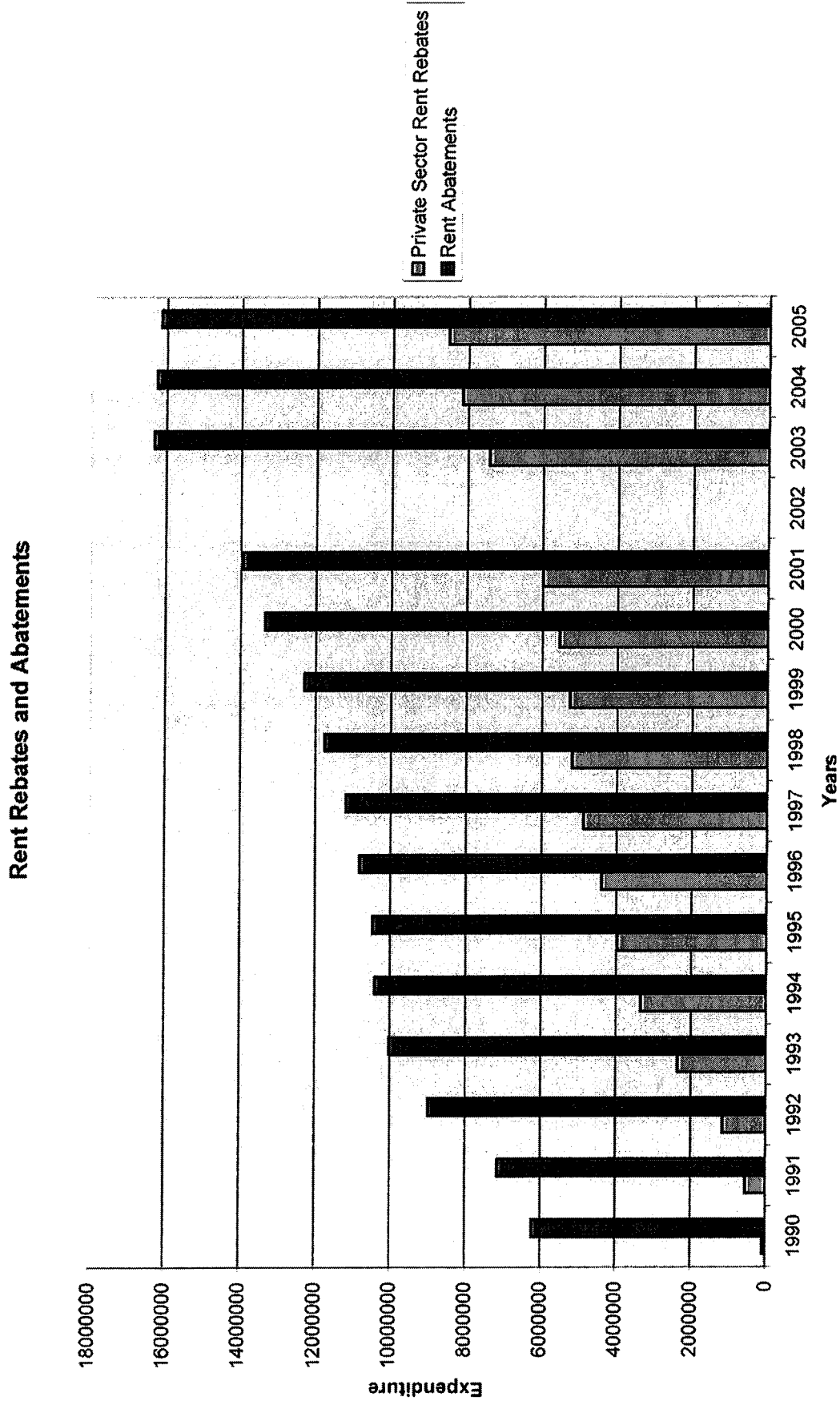
In themselves these figures cannot account for the problems that the Housing Department has experienced in maintaining its properties. The Department has responsibility for all matters relating to Housing policy, including the administration of rent abatement and rebate, so the question is not how did this happen, but why did the Housing Department allow it to continue? In deciding its budget priorities over a period of years it would appear that a conscious decision must have been taken to divert funds urgently needed for maintenance work into the bottomless subsidy pit, rather than to address the real issue. Figures 1-3 on the following pages show totals for rent abatement and rent rebate, a comparison of spending on maintenance and private sector rent rebates, and maintenance spending over time; it will be seen for example that the Department spent more on maintenance in 1992 than in 2005.

It is hardly surprising therefore that the Housing Department is now seeking to fix this problem by any means available, and the current Plan may be one way of achieving this; however this calls into question the issue of using capital funds to support revenue (maintenance and repair) funding.

The Sub-Panel believes as a result of its preliminary investigations that the history and structure of Housing finances require more detailed review by the Comptroller and Auditor General.

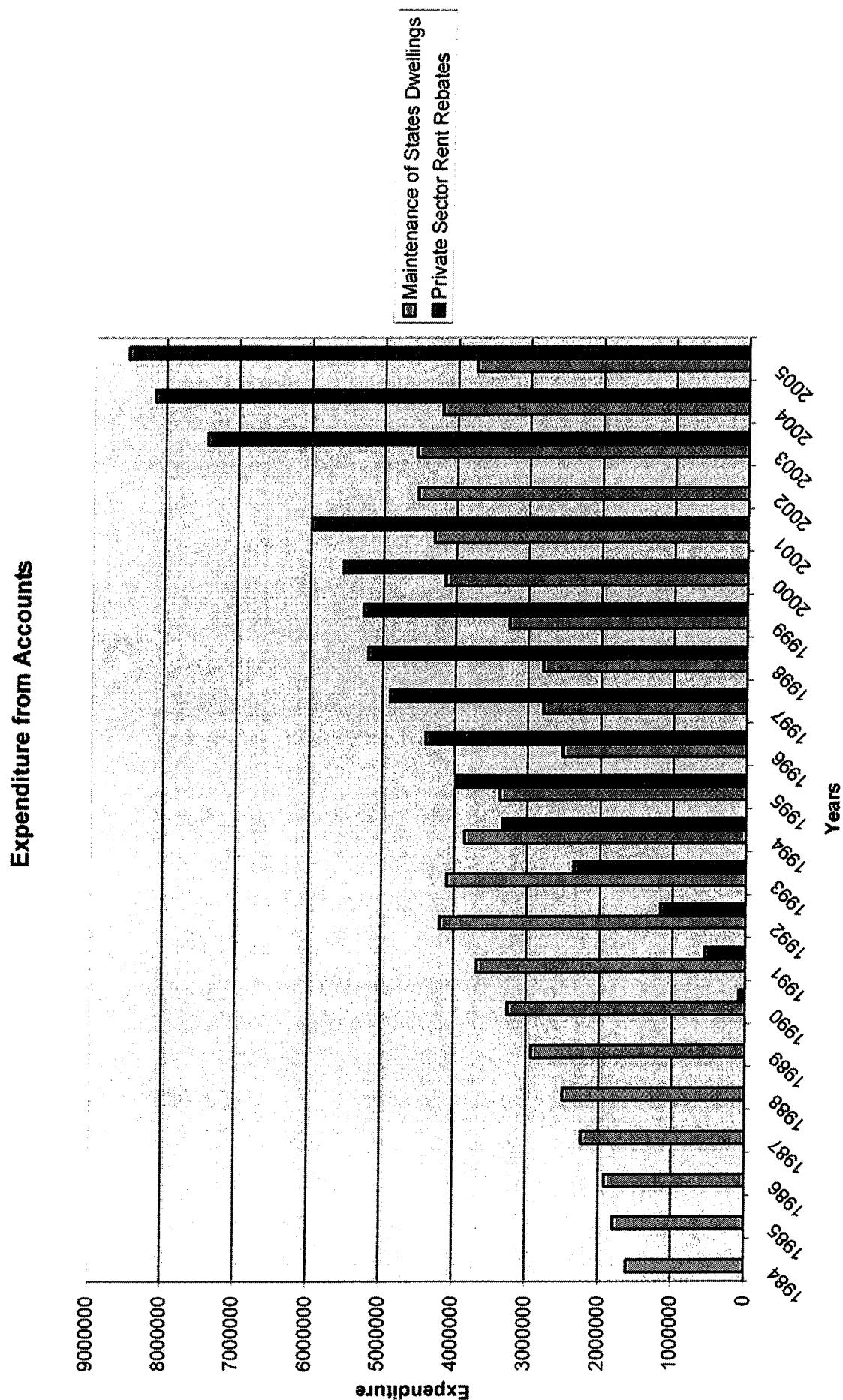
¹ CIH Report 5.28; 5.29

Fig. 1



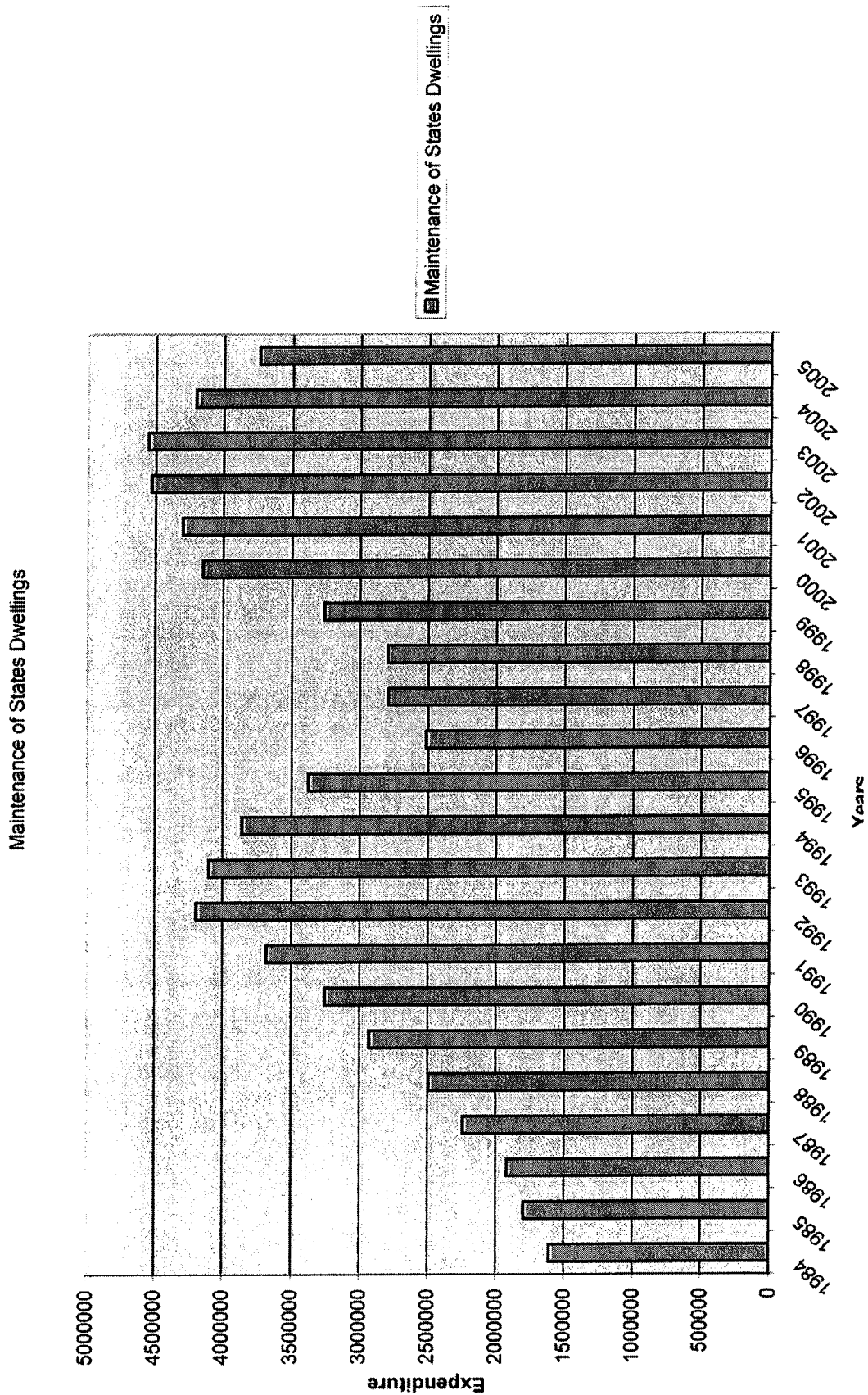
Source: States of Jersey Reports & Accounts

Fig.2



Source: States of Jersey Reports & Accounts

Fig.3



Source: States of Jersey Reports & Accounts

4.6 Future Strategy

- **should it have come first?**
- **where should it be going?**
- **should increased home ownership come out of Social Housing?**

These were some of the questions asked by the Sub-Panel at its first meeting. The Housing Department has argued that while it is tasked under the States Strategic Plan to review the provision of social housing in the Island and develop strategies for the long term, the urgent need to address maintenance issues has meant that the current Plan had to come first. The Sub-Panel finds this somewhat disingenuous. Having established that the final draft of the Plan was ready in July 2006, if there was such urgency to proceed it seems fair to question why the Plan was allowed to spend six months with Treasury before it was finally lodged in January 2007. More fundamentally, it is clear that the Housing Department's maintenance programme has been starved of funds for years, so why should there suddenly be such a sense of urgency about finding a solution? Given these two factors the Sub-Panel is of the view that the pressure to get the Plan through quickly is driven more by political than maintenance issues.

It is hard for the Sub-Panel to understand why the Department would wish to commit itself to significantly reducing its existing stock of social housing without first conducting a comprehensive review of social housing provision, particularly at a time when major policy decisions remain to be taken concerning population and migration. The Housing Department's contention that the necessary review would take too long is scarcely credible given the time they have taken to progress the current Plan. To put matters into perspective, the Sub-Panel understands that a major review of social housing provision in the whole of England was recently completed in three months.

4.7 Conclusion

Given what it has learned during the course of this review the Sub-Panel has concluded that there is no compelling argument for urgency in the case of the Social Housing Property Plan. It believes that the needs of the States and the people of Jersey (including those living in social rented accommodation) would be much better served by committing the necessary resources to a comprehensive review of all Island housing provision, rather than just social housing.

The increase in home ownership enshrined in the Strategic Plan will be a delicate and sensitive issue to bring about; publicity surrounding the Plan has generated a lot of interest both inside and outside the States sector. Some tenants want to buy the property they occupy, some want to buy other Housing property. Other members of the community are desperate to buy homes; there are also investors who want to buy to rent. Finally, there is a body of tenants in the private sector that would like an opportunity to buy a former States rental housing property. These conflicting interests will not be satisfactorily addressed unless the bigger picture of housing need in the Island is properly defined and the effects of any changes fully investigated. The Sub-Panel considers that an urgent review of the proposals surrounding the move of rent subsidy to Social Security should form part of this investigation.

Appendices

Methodology

The Sub-Panel used various methods to gather the evidence needed to help it reach its conclusions. These included:

1. Research of written sources including previously commissioned reports on Island Housing, Island Planning documents, former Committee acts and Departmental records and policies
2. Requesting information from the Department
3. Study of published Housing Budgets and reports
4. Call for Evidence from the Public (placed in the JEP)
5. Written requests for information and comment from potential stakeholders
6. Meetings with interested parties
7. Public Hearings
8. Site Visits
9. Questionnaire sent to all Housing Tenants
10. Independent specialist advice from ConsultCIH, appointed as advisers to the review

Public Hearings Witness Schedule

The following Public Hearings were held during the course of the review:

Thursday 3rd May 2007

9.30am -11.00am	Senator Terry le Sueur, Treasury Minister, Deputy John Le Fondré, Assistant Minister, Mr Eric Le Ruez, Director Property Holdings, & Mr Ray Foster, Assistant Director Finance and Strategy
11.30am - 12.30am	Mr Peter Seymour, Mortgage Shop Plus
2.00 - 3.30pm	Senator Terry le Main, Minister for Housing, Deputy Jacqueline Hilton, Assistant Minister, Mr Ian Gallichan, Chief Officer, Mr Carl Mavity, Director of Estate Services, Mr J Duchemin, Management Accountant, & Mrs Dominique Caunce, Director of Tenant Services

Friday 4th May 2007

2.00pm – 3.00pm	Mr Chris Steel & Ms Rosemary Pestana, Attac Jersey
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Monday 21st May 2007

3.00pm – 4.00pm

Senator Paul Routier, Minister for Social Security
Richard Bell, Chief Officer

Other Meetings

The following formal meetings were held during the course of the review:

Sub-Panel Meetings:

2nd February 2007
14th February 2007
28th February 2007
19th March 2007
2nd April 2007
16th April 2007 (with Advisers)
18th April 2007 (electronic conference)
30th April 2007 (with Advisers)
23rd - 24th May 2007 (with Advisers)
29th May 2007
30th May 2007
4th June 2007
8th June 2007
14th June 2007

Meetings with Housing Minister and Officers:

22nd February 2007
30th April 2007 (with Advisers)

Informal meetings were also held at various times with other stakeholders and interested parties.

Site Visits

Site visits were also undertaken to Housing and Housing Trust properties on three separate occasions.

Advisers to the Review

The Chartered Institute of Housing

The Chartered Institute of Housing (CIH) is the professional body for people who work in housing. The CIH is a registered charity and a non-profit making organisation. Its purpose is to maximise the contribution housing professionals make to the well-being of communities. CIH has 20,000 members, in over 20 countries, who work predominantly in local authorities, housing associations, Arms Length Management Organisations, the private sector and educational institutions. It has offices in Coventry, London, Cardiff, Belfast, Edinburgh and Hong Kong. CIH services and activities include: CIH Membership, CIH Policy, CIH Professional Practice, CIH Education, CIH Distance Learning, CIH Careers, CIH Events, CIH Training, CIH Publications and CIH Research.

ConsultCIH Limited

ConsultCIH Ltd is a new consultancy service for the housing and regeneration sectors. Established in January 2007, ConsultCIH provides a comprehensive package of services and support to private, public and voluntary organisations across the United Kingdom. A wholly-owned subsidiary of the Chartered Institute of Housing – the professional body for people working in housing - ConsultCIH is run for professionals, by professionals and is uniquely placed to deliver tailored, value-for-money and high quality consultancy services in areas such as recruitment, organisational development, neighbourhood renewal, regeneration and customer engagement.

Sarah Webb

Deputy Chief Executive, Chartered Institute of Housing (CIH)

Sarah joined the CIH in 2003 as Director of Policy and Practice to head up its policy and practice directorate. Previously, she spent two years as Head of the Office of the Deputy Prime Minister's Community Housing Task Force. Before this she was Head of Housing Strategy at Birmingham City Council and Director of Southside Housing Association – a community-based Registered Social Landlord in Glasgow. These roles followed a five year stint as a Senior Housing and Regeneration Consultant for DTZ Pineda Consulting. She was appointed CIH Deputy Chief Executive on 1 January 2007.

Sarah started her housing career working in front-line housing management in Scotland, has been involved in a number of homelessness research projects and has worked for a wide range of housing organisations including Registered Social Landlords, Scottish Homes and Scottish Council for Single Homeless.

She has a particular interest in housing strategy, is a Board member of Black Country Housing Association, ConsultCIH Ltd and sits on a number of national working groups. She is currently a member of a new housing advisory panel established to advise Communities and Local Government Secretary of State Ruth Kelly MP. She has also played an important role in supporting Professor John Hills' report looking at social housing, called 'Ends And Means: The Future Roles Of Social Housing In England', published in February 2007.

April 2007

Andrew Gray
Managing Director, ConsultCIH Limited

Andrew was appointed Managing Director and Company Secretary of ConsultCIH Ltd on 1 January 2007 and leads on its policy into practice consultancy service. He has more than 20 years experience of the social housing world.

Previously he worked for consultancy RDHS Ltd, joining them in 1986. He led their work developing and delivering recognition and reward initiatives based on the Gold Service scheme developed by Irwell Valley Housing Association (IVHA). He also worked on recognition and reward projects with a range of other clients throughout England, Scotland and Wales, including Glasgow Housing Association.

Andrew has also acted as a general housing and regeneration consultant and in this capacity has worked for a range of organisations undertaking interim management, policy development, and service review and regeneration projects.

Andrew is a former President of the Chartered Institute of Housing (2002/03).

April 2007

Copy of Questionnaire sent to Housing Tenants

HEALTH, SOCIAL SECURITY AND HOUSING SCRUTINY PANEL

Review of Social Housing Property Plan.

Dear Householder

You should have received a leaflet recently from the Housing Department, outlining their 10 year Property Plan which seeks to bring all States Rental homes up to a decent standard by 2016. It is proposed that States tenants be offered the chance to buy one of 800 homes selected for sale over a 10 year period. A Scrutiny Sub-Panel has now been set up to look into this Plan; its members include Deputy Sean Power (Chairman), Deputies Alan Breckon and Roy Le Hérissier, and the Constables of St John and St Martin, Graeme Butcher and Silva Yates.

The Sub-Panel would like to know what you think of the Housing Department's Plan. Please take a moment to fill in this short questionnaire about your situation, and your feelings about the various issues raised in the Plan. A pre-paid envelope is enclosed for replies - **please note that returns must be received by May 10th.**

The answers we receive will be considered with those of other tenants in compiling our report, but all returns will be anonymous – individuals cannot be identified from this survey.

Please place a tick in the appropriate boxes

ABOUT YOU

1. What sort of property are you renting at the moment?

Bedsit: ☐ Flat: ☐ House: ☐ Number of Bedrooms: 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5-6 ☐

2. Which parish do you live in?

Grouville ☐ St Brelade ☐ St Clement ☐ St Helier ☐ St John ☐ St Lawrence ☐

St Martin ☐ St Mary ☐ St Ouen ☐ St Peter ☐ St Saviour ☐ Trinity ☐

3. Your age:

18 -30 ☐ 31-40 ☐ 41-50 ☐ 51-60 ☐ 61-70 ☐ Over 70 ☐

4. Your personal circumstances:

Are you: single ☐ a couple ☐

Number of dependants (i.e. children under the age of sixteen living at home)

None ☐ One ☐ Two or more ☐

5. How long have you been living in States rental accommodation?

0-5 years ☐ 6-10 years ☐ 11-15 years ☐ 16-20 years ☐ 21-25 years ☐ Over 25 years ☐

The Housing Department is proposing to sell 800 homes to existing tenants over a ten year period, under a shared equity scheme (where you buy at a discount, but repay the discount to the States when the property is later sold).

(Continued overleaf)

6. Do you live in an area where it is proposed that some homes are to be offered for sale? (Please see attached list of proposed sales under this scheme)

Yes ☐ No ☐

7. Would you be interested in purchasing one of these homes?

Yes ☐ No ☐

The Housing Department is proposing to reinvest all of the proceeds of sales into refurbishing and maintaining existing rental homes, as well as acquiring significant numbers of Sheltered Housing.

8. Do you think this is an appropriate use of the proceeds of sale?

Yes ☐ No ☐

9. If it were available, would you consider moving into sheltered accommodation?

Yes - immediately ☐ Yes - within 5 years ☐ Yes - within 10 years ☐

No - not interested in sheltered accommodation ☐

10. If yes, then which location would best suit you?

In existing Parish ☐ In the countryside/quiet area ☐ In town/near shops and facilities ☐

The Plan suggests that certain high rise buildings, (Convent Court, Caesarea Court and De Quetteville Court) could be demolished rather than refurbished, with the areas then used for the development of low rise and sheltered accommodation.

11. Do you think this is a good idea?

Yes ☐ No ☐ No opinion ☐

The Housing Department is proposing a significant change in policy in respect of the transfer of existing States rental homes to Housing Trusts. Which of the following statements best reflects your view:-

"There should be no further transfers of States Rental Homes to Housing Trusts" ☐


"The transfer of States Rental Homes to Housing Trusts should continue" ☐

Do you have any other comment you would like to make about the plan?

.....

Thank you for taking part in this survey. Every reply will help the Scrutiny Sub-Panel.

Yours faithfully



Deputy Sean Power
Chairman, Social Housing Property Plan Scrutiny Sub-Panel

List of properties for sale enclosed with questionnaire**SALES OF FLATS ON STATES SHARED EQUITY SCHEME 2007 - 2016**

<i>Estate</i>	<i>Parish</i>	<i>B/S</i>	<i>1 B/R</i>	<i>2 B/R</i>	<i>3 B/R</i>	<i>4 B/R</i>	<i>Total</i>
Belmont Road 36 1/2 - Misc	St Helier		1	2			3
Cherry Orchard Court, Valley Road	St Helier		6	16			22
Chestnut Court, Le Geyt Road	St Saviour			10	8		18
Clos St Andre, St Andrews Road	St Helier		3	9			12
Harbour Lights, Le Mont de Gouray	St Martin	2	2				4
La Collette (Low Rise), Green Street	St Helier			36			36
Les Quatre Bras, Springfield Road	St Saviour			7			7
Lewina, Victoria Road	St Saviour		2				2
Maple Grove, Le Geyt Road	St Helier			23	10		33
Medina, Seale Street	St Helier	1	2				3
Mont Surat, Don Road	St Helier		2	2			4
Robin Hood Flats	St Helier	3					3
Rouge Bouillon 60	St Helier		1	3			4
Rouge Bouillon 79	St Helier		4				4
Simon Place 2	St Helier	3					3
St Mark's Gate, Le Geyt Road	St Saviour			9	6		15
St Mark's Road 80	St Saviour			5	1		6
The Ferns, Elizabeth Street	St Helier		4				4
The Parade 26	St Helier	1	1		1		3
Victoria Court, Victoria Road	St Helier			1	1		2
WestMount Park, Westmount	St Helier	15		32			47
TOTAL SALES		25	28	155	27	0	235

SALES OF HOUSES ON STATES SHARED EQUITY SCHEME 2007 - 2016

<i>Estate</i>	<i>Parish</i>	<i>1 B/R</i>	<i>2 B/R</i>	<i>3 B/R</i>	<i>4 B/R</i>	<i>5/6 B/R</i>	<i>Total</i>
Balleine Close, La Rue de la Croix	St Clement		3	2			5
Brighton Lane Mews 1 & 2	St Helier		2				2
Caesarea Court, Val Plaisant - Following Redevelopment	St Helier			9			9
Clearview Street 10	St Helier			1			1
Cleveland Avenue 2	St Helier		1				1
Clos des Sables 163 - 170	St Brelade		8				8
Clos des Sables 108 & 109a	St Brelade			2			2
Clos Du Roncier	St Clement		2	56			58
Clos Gosset	St Saviour		5	18			23
Convent Court, Val Plaisant Following Redevelopment	St Helier			9			9
De Quetteville Court – Following Redevelopment	St Helier			12			12
Devonshire Place 2	St Helier				1		1
Grasset Park	St Saviour			20	2		22
Jardin des Carreaux	St Helier			10	2		12
Homeville, Devonshire Lane	St Helier		4				4
La Cache Pallot, Gorey Village	Grouville		2				2
La Place Le Couteur	Grouville	1	1	2			4
La Place Noel	Grouville		3			1	4
La Rue de Carteret, Bashfords -	St Saviour		5	11			16
Le Bel Collas, Gorey Village	Grouville		2				2
Le Bel Gaudin, Bashfords	St Saviour		6				6
Le Bel Mallet, Bashfords	St Saviour		2	1			3
Le Bel Peree, Bashfords	St Saviour			1			1
Le Bernage, La Rue St Thomas	St Saviour			1			1
Le Douet De Ste Croix	St Helier			1			1
Le Squez after Refurbishment	St Clement		39	136	18		193
Les Cinq Chenes	St Saviour		1	59			60
Les Hoummetts	Grouville			2			2
Les Petit Hoummettes	St Martin			1	1		2
Les Quatre Bras, Springfield Road	St Saviour		1	2			3

Review of the Social Housing Property Plan 2007 – 2016

Millais Park 1, Mont Millais	St Helier			1			1
Modena, Clarence Road	St Helier		1				1
Nicholson Close	St Helier		10		6		16
Oak Tree Gardens	St Helier		4	14			18
Old St John's Road 17	St Helier		1				1
Rose Cottage, Valley Road	St Helier	1					1
Rozel, Greve d'Azette	St Clement			1			1
Simon Place 11	St Helier		1				1
St Lawrence Arsenal	St Lawrence			1			1
St Martin's Arsenal	St Martin		4	7			11
St Peter's Arsenal	St Peter		4	4	3		11
Stopford Road 39	St Helier		1				1
The Lookout, Princess Place	St Clement			1			1
Tradewinds, South Hill	St Helier				1		1
WestMount Park, Westmount	St Helier		8				8
TOTALS		2	121	385	34	1	543

Some Social Housing Statistics

The 1990 Boleat report into Housing in Jersey reveals some interesting comparisons with more recent figures. At the time of the 1989 Census, 4037 States and Parish rental households accounted for 13.1% of the Island's total households, slightly up from the 1981 figure of 12.5%. 19.8% of the remaining population were living in private rented accommodation and 50.3% were owner occupiers. The States were building some 150 States houses each year during this period, the majority at the time being in the form of one-bedroom units for the elderly. Over 60% of all States houses had been either built or significantly improved since 1974. (This was in marked contrast to the situation in the UK, where concerted efforts were being made to reduce the stock of publicly-owned housing by selling to tenants and reducing new construction).

By the time of the 2001 Census approximately 14% of the Island's population were living in States, Housing Trust/Association or Parish rental properties, giving a total of 5017 households in social rented accommodation. Of the remaining population, 22% were living in private rented accommodation and 51% were owner occupiers.

Corresponding figures for Great Britain for the year 2000 were 21% in social rented accommodation and 68% owner-occupiers. Elsewhere in Europe, figures from 2002 -3 indicate relatively higher levels of social rented housing, ranging from 15% in Germany to a massive 34.6% in the Netherlands, whereas home ownership was lowest in Germany (45%). Thus social housing stock as a percentage of all housing is lower in Jersey than in most EU countries, but home ownership is also on the low side.

Despite the seemingly rather static figures for different types of tenure in Jersey over the past 25-30 years, some of the mechanisms affecting affordability of housing in the Island have changed dramatically during that time. In 1990 the biggest lender in the market was the States, in the shape of the States Loan Scheme, which offered loans at rates under those prevailing elsewhere in the market (at the time) for properties up to a certain value, as well as a subsidy in the form of artificially low land prices. States Housing was available with abated rents for those on lower incomes and maximum rents charged were below market levels. There were controls on private rents, and a rent rebate scheme for the private sector had been introduced in 1990, although not yet on the same terms as rent abatement for States tenants. The conclusions of the Boleat Report make interesting reading, in particular the two final paragraphs:

6.7 The areas highlighted for consideration in this report are for the most part relatively minor. They include the question of bringing the rent rebate scheme and the rent abatement scheme into line, something which already appears to be government policy; the phasing out of maximum rents which again must already be an objective, and a restructuring of the States loan scheme so that a larger number of people are able to benefit from smaller subsidies. These measures would make it easier to abolish both rent controls and price controls, which have already been made largely unnecessary by the current state of the housing market together with the introduction of the rent rebate scheme.

6.8 In the longer term, there is a need to consider whether the efficiency of the housing market could be improved by the privatisation of States houses, either through sales to sitting tenants or through transfers to a housing associations, and also for the privatisation of the States loan scheme.

**Extract from: 'A Decent Home: Definition and Guidance for Implementation'
(June 2006 update)**

(c) Crown copyright, published by The Department for Communities and Local Government, London, June 2006.

A decent home – Detailed definition

- 5.1 This section gives detailed definitions of each of the four criteria that make up the Decent Home standard. Social landlords and local housing authorities may deliver housing above this standard but to ensure at least a minimum standard across all housing a common classification is needed to set and monitor the national target.
- 5.2 The HHSRS replaces the fitness standard as the statutory element of the Decent Home Standard. It must be incorporated in housing stock condition surveys. Information on the components of the HHSRS and how they can be measured have been in the public domain since August 2000.
- 5.3 If social landlords follow the guidance set out in the Department's *Collecting, Managing and Using Housing Stock Information*, they should have the information required to help identify dwellings in their stock which are likely to contain category 1 hazards. Further guidance on local measurement against each criterion, primarily through a stock condition survey, is available in *Decent Homes: Capturing the Standard at the Local Level*.⁴

Criterion a: It meets the current statutory minimum standard for housing

- 5.4 With the implementation of Part 1 of the Housing Act 2004 on 6 April 2006, HHSRS replaces the Housing Fitness Standard as the first criterion of the Decent Homes standard. HHSRS is a risk assessment procedure and does not set a standard.
- 5.5 To be decent, a dwelling should be free of category 1 hazards, and the existence of such hazards should be a trigger for remedial action unless practical steps cannot be taken without disproportionate expense or disruption. Landlords should consider the circumstances very carefully in the interests of the occupiers of the dwelling before concluding that a hazard cannot be dealt with effectively, and in such cases should ensure that the occupiers are fully aware of the position.

Criterion b: It is in a reasonable state of repair

- 5.6 A dwelling satisfies this criterion unless:
 - one or more key building components are old and, because of their condition need replacing or major repair; or

⁴ *Decent Homes: Capturing the standard at a local level*, DTLR (ODPM) (March 2002) published as an annex to *Collecting, Managing and Using Housing Stock information* is available on the DCLG web site: www.communities.gov.uk/decenthomes

- two or more other building components are old and, because of their condition need replacing or major repair.
- 5.7 A building component can only fail to satisfy this criterion by being old and requiring replacing or repair. **A component cannot fail this criterion based on age alone.**

Building components

- 5.8 Building components are the structural parts of a dwelling (e.g. wall structure, roof structure), other external elements (e.g. roof covering, chimneys) and internal services and amenities (e.g. kitchens, heating systems). A full list of building components is given in Annex A of this guidance. Key building components are those which, if in poor condition, could have an immediate impact on the integrity of the building and cause further deterioration in other components. They are the external components plus internal components that have potential safety implications and include:
- external walls;
 - roof structure and covering;
 - windows/doors;
 - chimneys;
 - central heating boilers;
 - gas fires;
 - storage heaters;
 - plumbing; and
 - electrics.
- 5.9 Lifts are not considered to be a key component unless the lift or the lift shafts have a direct effect upon the integrity of the building.
- 5.10 If any of these components are old and need replacing, or require immediate major repair, then the dwelling is not in a reasonable state of repair and remedial action is required.
- 5.11 Other building components are those that have a less immediate impact on the integrity of the dwelling. Their combined effect is therefore considered, with a dwelling not in a reasonable state of repair if two or more are old and need replacing or require immediate major repair.

Old and in poor condition

- 5.12 A component is defined as 'old' if it is older than its standard lifetime. Components are in poor condition if they need major work, either full replacement or major repair. The definitions used for different components are at Annex A.

A Decent Home: Definition and guidance for implementation

- 5.13 One or more key components, or two or more other components, must be both old and in poor condition to render the dwelling non-decent on grounds of disrepair. Components that are old but in good condition or in poor condition but not old would not, in themselves, cause the dwelling to fail the standard.
- 5.14 A building component which requires replacing before it reaches its expected lifetime has failed early. Under the terms of the definition, this early failure does not render the dwelling non-decent but should be dealt with by the landlord, typically on a responsive basis.
- 5.15 The disrepair criterion is set in such a way that it helps plan future investment needs. Landlords are more likely to be able to predict component failure after the component has reached a certain age than predicting early failures.
- 5.16 Where the disrepair is of a component affecting a block of flats the flats that are classed as non-decent are those directly affected by the disrepair.

Criterion c: It has reasonably modern facilities and services

- 5.17 A dwelling is considered not to meet this criterion if it lacks three or more of the following facilities:
- a kitchen which is 20 years old or less;
 - a kitchen with adequate space and layout;
 - a bathroom which is 30 years old or less;
 - an appropriately located bathroom and WC;
 - adequate external noise insulation; and
 - adequate size and layout of common entrance areas for blocks of flats.
- 5.18 The ages used to define the 'modern' kitchen and bathroom are less than those for the disrepair criterion. This is to take account of the modernity of kitchens and bathrooms, as well as their functionality and condition. This principle was agreed with local authority representatives during the consultation on the formulation of the MRA allocations. This allows for dwellings to be improved to a more modern standard than would simply be achieved by applying the disrepair criterion.
- 5.19 These standards are used to calculate the national standard and have been measured in the English House Condition Survey (EHCS) for many years. For example, in the EHCS:
- A kitchen failing on adequate space and layout would be one that was too small to contain all the required items (sink, cupboards cooker space, worktops etc) appropriate to the size of the dwelling;

- An inappropriately located bathroom and WC is one where the main bathroom or WC is located in a bedroom or accessed through a bedroom (unless the bedroom is not used or the dwelling is for a single person). A dwelling would also fail if the main WC is external or located on a different floor to the nearest wash hand basin, or if a WC without a wash hand basin opens on to a kitchen in an inappropriate area, for example next to the food preparation area;
 - Inadequate insulation from external airborne noise would be where there are problems with, for example, traffic (rail, road and aeroplanes) or factory noise. Landlords should ensure reasonable insulation from these problems through installation of appropriate acoustic glazing in line with the current Building Regulations; and
 - Inadequate size and layout of common entrance areas for blocks of flats would be one with insufficient room to manoeuvre easily for example where there are narrow access ways with awkward corners and turnings, steep staircases, inadequate landings, absence of handrails, low headroom etc.
- 5.20 Landlords may work to different detailed standards than those set out above. In some instances there may be factors which may make the improvements required to meet the Decent Homes standards' challenging, or impossible, factors such as physical or planning restrictions. Where such limiting factors occur the property should be assessed to determine the most satisfactory course of action in consultation with the relevant body or agency so as to determine the best solution. The outcome may determine that some improvements may be possible even if all are not. **A dwelling would not fail this criterion, where it is impossible to make the required improvements to components for physical or planning reasons.**
- 5.21 Local authorities must consider how Decent Homes feeds into wider regeneration strategies such as Market Renewal Pathfinder schemes; it may not be necessary to make homes decent when demolition and new build may be more appropriate. At national level, planning policy guidance makes clear that when undertaking such schemes, a range of factors must be considered including Decent Homes. National planning policy guidance for housing are set out in:
- Planning Policy Guidance (PPG) Note 3: Housing [published in 2000]; and
 - Draft Planning Policy Statement (PPS) 3: Housing [published in December 2005 and public consultation closed on 27 February 2006. Once finalised, it will replace PPG3]
- 5.22 Good practice indicates that a clear logical process, which involves all the parties, is the best way of taking a development forward. Important factors in this are early involvement of other departments within the local authority e.g. planners, legal etc; adherence to planning procedures; partnership working with tenants and other stakeholders; and ensuring awareness of other issues that may impact on delivery e.g. conservation areas.

Criterion d: It provides a reasonable degree of thermal comfort

- 5.23 The revised definition requires a dwelling to have both efficient heating; and effective insulation. Efficient heating is defined as any gas or oil programmable central heating; or
- electric storage heaters; or
 - warm air systems; or
 - underfloor systems; or
 - programmable LPG/solid fuel central heating; or
 - similarly efficient heating systems which are developed in the future.
- 5.24 The primary heating system must have a distribution system sufficient to provide heat to two or more rooms of the home. There may be storage heaters in two or more rooms, or other heaters that use the same fuel in two or more rooms. Even if the central heating system covers most of the house making a dwelling decent, under the HHSRS a landlord must be sure that the home is warm enough for the occupant.
- 5.25 Heating sources which provide less energy efficient options fail the Decent Homes standard. Programmable heating is where the timing and the temperature of the heating can be controlled by the occupants. However this is not a requirement in supported housing or housing for older persons where it is necessary for health and safety reasons for landlords to ensure adequate levels of heating are maintained.
- 5.26 Because of the differences in efficiency between gas/oil heating systems and the other heating systems listed, the level of insulation that is appropriate also differs:
- For dwellings with gas/oil programmable heating, cavity wall insulation (if there are cavity walls that can be insulated effectively) or at least 50mm loft insulation (if there is loft space) is an effective package of insulation; and
 - For dwellings heated by electric storage heaters/LPG/programmable solid fuel central heating a higher specification of insulation is required: at least 200mm of loft insulation (if there is a loft) and cavity wall insulation (if there are cavity walls that can be insulated effectively).
- 5.27 A SAP rating of less than 35 (using the 2001 SAP methodology) has been established as a proxy for the likely presence of a Category 1 hazard from excess cold. From April 2007, local authorities will report energy efficiency using the new 2005 methodology⁵.
- 5.28 Loft insulation thickness of 50mm is a minimum designed to trigger action on the worst housing. Where insulation is being fitted, landlords should take the opportunity to improve the energy efficiency and install insulation to a much greater depth.

⁵ www.bre.co.uk/sap2005

- 5.29 The Government is considering the most effective means of improving the energy efficiency of 'hard to treat' homes where the construction may preclude the installation of traditional cost-effective insulation measures. This is being considered in the wider context of progress against the UK Fuel Poverty Strategy. More information on dealing with hard to treat properties and best practice guidance is available from the Energy Savings Trust website⁶.
- 5.30 Where new heating systems are being installed or existing system replaced, landlords should take the opportunity to increase the energy efficiency of the dwelling if possible. This would be achieved through installing energy efficient boilers where possible. Energy efficient boilers are those with a SEDBUK A-C rating. Where this is not possible, cavity walls should be insulated where feasible.
- 5.31 If new heating or insulation is being installed, it is important that steps are taken to ensure the dwelling is adequately ventilated.
- 5.32 Specific programmes are now in place which provide additional resources to carry out energy efficiency programmes.⁷ These are:
- The Energy Efficiency Commitment (EEC): This requires electricity and gas suppliers to meet targets for the promotion of improvements in domestic energy efficiency. They do this by encouraging and assisting domestic consumers (in both private and public sectors) to take up energy efficiency measures. Further information can be found on the DEFRA web site⁸.
 - Warm Front: This scheme tackles fuel poverty among vulnerable households in the private rented and owner occupied sectors. The scheme provides grants for packages of insulation and heating improvements, including central heating systems, for eligible households. Further information can be found on the DEFRA web site⁹.
 - Transco's Affordable Warmth Programme: This programme has introduced Affordable Warmth leases targeted at RSLs and LAs. These leases make the installation of high-efficiency gas central heating and energy efficiency measures more financially attractive for both landlords and tenants.

⁶ <http://www.est.org.uk/housingbuildings/>

⁷ More information is available via the DEFRA web site: www.defra.gov.uk/environment/energy/index.htm

⁸ www.defra.gov.uk/environment/energy/eec/index.htm

⁹ www.defra.gov.uk/environment/energy/feeds/index.htm

Strategic Plan 2006-2011 (Extract)

Relevant extract from the States Strategic Planning document:

3.8 Good standard of affordable accommodation for all

Indicated by:

- Increased levels of home ownership
- Reduction in the number of people waiting to be adequately housed
- A supply of homes that better meets the Island's housing requirements
- Equity in access to the housing market
- Stable housing market/prices
- Building standards that are equal to those in the UK
- Increase in the percentage of homes in public ownership at Decent Homes Standard
- Increase in provision of Island-wide sheltered housing

What we will do:

- 3.8.1 From 2007, commence a programme to bring States-owned housing stock up to UK Decent Homes Standard by 2016 (HOUS)
- 3.8.2 Review Housing demand/supply through the publication of 'Planning for Homes' in 2006 (HOUS)
- 3.8.3 Produce detailed proposals for the procurement of funding to sustain a programme of refurbishment works for States rental accommodation with acceptance of a report and proposition by July 2006 (HOUS)
- 3.8.4 Review, develop and implement strategies for the provision of social housing in the Island, including the long term management of States rental accommodation (HOUS)
- 3.8.5 Introduce new policies which will ensure more equality in entitlement to accommodation by 2008 (see also 2.11.4) (HOUS)
- 3.8.6 Amend building bye-laws to incorporate Lifetime Homes Standards by 2007 (P&E)
- 3.8.7 Review building bye-law standards for fire safety, energy efficiency and structure following their forthcoming review and adoption in the UK (P&E)
- 3.8.8 Introduce a shared equity and, if appropriate, potential discount scheme, initially using existing Housing Department stock to increase home ownership (HOUS)
- 3.8.9 Introduce security of tenure legislation by 2007 (HOUS)

Glossary

Fortunately relatively few technical terms have been encountered in the preparation of this review. Some which do appear are listed below:

Shared Equity - (explained in Section 4.1)

DHS - Decent Homes Standard (Extract from Definition and Guidance below, available in full on the Scrutiny Website)

Rent Abatement - a rental subsidy paid only to tenants in States Rental Accommodation. It is deducted from the actual rent of the property, so that the tenant only pays the net sum

Rent Rebate - a rental subsidy available to tenants in private sector rented accommodation (including Housing Trust properties) if their gross income and savings are within the income subsidy and savings limits

Sheltered Housing (more recently referred to by the Department as 'life-long homes') - homes designed with the needs of the elderly in mind, to enhance convenience and comfort for retired occupants

References

In carrying out this review the Sub-Panel has made use of a number of sources as well as receiving numerous submissions. All background information and submissions other than those received on a confidential basis are available on the Scrutiny Website, together with transcripts of Public Hearings conducted during the review and the complete ConsultCIH report. Some sources of information consulted during the review are also listed below:

States Strategic Plan 2006 -2011

States Business Plan 2006-2010

Housing Business Plan 2007

Planning for Homes 2006

Housing Needs Survey 2005-2009

Jersey Annual Social Survey 2006

The Parr Report (LECG) 2000

Jersey Census Report 2001

The Boleat Report 1990

Decent Homes Definition and Guidance 2006 (Department for Communities and Local Government)

The Case for Council Housing in 21st Century Britain (Defend Council Housing)

Ends and Means: the Future Roles of Social Housing in England (John Hills)