

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR THE* ENVIRONMENT & INFRASTRUCTURE

LOCAL MARKET HOUSING REVIEW AND DEVELOPMENT OF FUTURE HOUSING
STRATEGY

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Local Market Housing Review and Development of Future Housing Strategy', dated 30th May 2018, they are of the opinion:

1. To note the report by KPMG entitled 'Guernsey Housing Market Review';
2. To agree to change the terminology from 'States Strategic Housing Target' to 'States Strategic Housing Indicator';
3. To agree the States Strategic Housing Indicator be set at creating 635 new units of accommodation between 2017 and 2021, with a plus or minus variance of 149 new units to give the flexibility to react to market changes, equating to an annual average of 127 additional units of accommodation with a plus or minus variance of 30 new units of accommodation¹;
4. To agree to separate the States Strategic Housing Indicator into an Affordable Housing Indicator set at creating 178 units of Affordable Housing over the next 5 years with a plus or minus variance of 32 new units to give the flexibility to react to demand and market changes and a private market housing indicator of 457 new units of accommodation with a plus or minus variance of 117 new units of accommodation for the same period;
5. To agree that the States will reset the States Strategic Housing Indicator at least every 5 years;
6. Notwithstanding proposition 5, to note that should the Island's housing requirement figures change to such an extent that they go beyond the variances agreed in propositions 3 and 4 above, they will be returned to the States for endorsement;

¹ Numbers may not sum due to rounding

7. To endorse the Programme of Works, including the development of a Housing Strategy, and to direct the lead Committees identified for each work stream identified in this Policy Letter to prioritise those work streams alongside their current workloads;
8. To note that Committee *for the* Environment & Infrastructure will include, as part of its 2019 budget submission, a request for specific funding for the resources required for delivery of the Programme of Works.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

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The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

30th May 2018

Dear Sir

1 Executive Summary

- 1.1 This policy letter responds to the amendment brought by Deputy Soulsby (Billet d'Etat XVI of 2015) which resulted in the States directing the then Housing and Treasury and Resources Departments (and their successors), to commission an independent review of the housing market and to report back to the States with their findings and recommendations together with a copy of the independent report.
- 1.2 This Policy Letter reports the findings of the independent report "Guernsey Housing Market Review" (the KPMG Report), and the Committee *for the* Environment & Infrastructure's conclusions on the report's recommendations and also sets out a number of other housing policy issues which need to be addressed to help develop a holistic Housing Strategy for Guernsey. This policy letter sets out the work streams that need to be completed in order to address housing issues and provide evidence and information for the development of a Housing Strategy.
- 1.3 While the Committee *for the* Environment & Infrastructure (the Committee) has overall responsibility for advising the States and developing policy with respect to general housing (including policy provision for Social and Affordable Housing) the Committee *for* Employment & Social Security (CfE&SS) has responsibility for the delivery of Affordable Housing. However, the issues identified by the Soulsby Amendment and the KPMG Report as well as a number of other identified housing policy issues fall into a number of other Committees' mandates, most notably the Policy & Resources Committee

(P&RC), the Committee *for* Economic Development (CfED) and the Development & Planning Authority (DPA).

- 1.4 As part of the debate on the 2018 Budget, the States identified Affordable Housing (including social housing) as one of its 23 priorities. Since that debate, the Committee has proposed that this policy priority area is renamed 'housing policy', to better reflect its original intention to cover both Affordable Housing (which includes social housing) within the mandate of the CfE&SS and general housing policy (including policy provision for Affordable Housing) within the Committee's mandate.
- 1.5 The Committee agrees generally with the analysis and conclusion of the KPMG Report that a Help to Buy Scheme, whilst having a short term benefit for some First Time Buyer's (FTB's), would exacerbate longer term issues of affordability, could have a very negative inflationary impact on the housing market as a whole and carries with it risks to government investment. However, whilst remaining cautious about any steps which could result in a long-term increase in housing prices, in view of the comments of the P&RC the Committee will explore further the impacts of a deposit guarantee scheme for First Time Buyers as part of the development of a Housing Strategy.
- 1.6 The Committee does not agree that a second Partial Ownership Scheme would bring benefits to FTB's in the Guernsey context. The Committee, the CfE&SS and the Guernsey Housing Association (GHA) do, however, consider there is merit in reviewing the current Partial Ownership Scheme and propose to carry out the review to inform the future development of the Housing Strategy. The P&RC has expressed a willingness to review the 2014 analysis of the reduction in Document Duty for FTB's and Bond fees. The Committee also notes the P&RC's proposal to review the Conveyancing Court.
- 1.7 A recommendation of the KPMG Report is that the States encourage the development of housing specifically for FTB's through the land planning mechanism. However, the Committee recognises that the Island Development Plan (IDP) policies are flexible enough to provide for new FTB housing as and when it is identified that it is required without the need to sterilise land by allocating it for a specific purpose.
- 1.8 The Strategic Housing Indicator is important as a guide to the right balance between housing demand and supply. It informs the housing land supply identified in the IDP to provide for a sufficient quantity of housing provision to meet identified needs. The States has no control over implementation of planning permissions and cannot force developers to construct those housing units with planning consent so has no control over how many residential units are actually built which is heavily influenced by external matters such as finance availability and requirements, capacity of the construction industry and personal choice and investment and cannot therefore be a target that the

States has any control over meeting. The term ‘target’ is therefore misleading and the Committee proposes to refer to the future housing requirements as Strategic Housing Indicators to more accurately reflect their purpose.

- 1.9 The current States Strategic Housing Target is set at 300 units per year and has been since 2002. The Committee recommends that the States Strategic Housing Indicator now be set at creating 635 new units of accommodation between 2017 and 2021, with a plus or minus variance of 149 new units equating to an annual average of 127 additional units of accommodation with a plus or minus variance of 30 new units of accommodation²;
- 1.10 The Committee further recommends that the States Strategic Housing Indicator be split into an Affordable Housing Indicator set at creating 178 units of Affordable Housing over the next 5 years with a plus or minus variance of 32 new units and a private market housing indicator of 457 new units of accommodation with a plus or minus variance of 117 new units of accommodation for the same period.
- 1.11 The Committee agrees that the regular collection and publication of relevant and reliable data as outlined in the KPMG Report is important so that analysis of future housing requirements and the formulation and implementation of housing policy is robust, up to date and accurate and would also aid with transparency and understanding of the market. The establishment of an appropriate data collection model, data collection processes and publication of information collected is identified as an important work stream which will provide evidence for and inform the Committee’s proposed Housing Strategy.
- 1.12 The Committee welcomes the CfED’s consideration of establishing a working party with representatives from government, the Association of Guernsey Banks (AGB) and the Guernsey Financial Services Commission (GFSC) to regularly monitor the mortgage market.
- 1.13 The KPMG Report concluded that the affordability of housing on the island might impact on the ability to attract, recruit and retain key workers. Key Worker Housing is considered Affordable Housing. The Committee intends to work with all relevant Committees, the GHA and the private sector to establish clear definitions of key workers, to analyse key worker housing requirements at this time and the costs and benefits of provision. If initial analysis concludes that key worker housing should be provided a key worker housing strategy for Guernsey will be developed as part of the Housing Strategy generally.
- 1.14 Although the Committee recognises that a work stream is required to consider the requirements for elderly tenure housing and specialised housing including extra care housing, in order to examine the likely future requirements and the

² Numbers may not sum due to rounding

options and mechanisms for delivery and the costs and impacts involved, it considers the KPMG Report's recommendation to construct an over 55's waiting list is not an appropriate mechanism to address the issues and could result in inaccurate foundation evidence on which to base policy. A work stream is proposed to develop an elderly tenure strategy for Guernsey which will include assessment of specialised housing and extra care housing requirements as part of the review of Housing Strategy generally. This work stream will have close associations with the Supported Living and Aging Well Strategy which was approved by the States in 2016.

- 1.15 As part of its review KPMG concluded that a detailed analysis of the current and potential future, costs of policy approaches towards intervening in the housing market should be undertaken in order to assess whether particular policy approaches are consistent with the long term strategic objectives of the States of Guernsey. The Committee agrees that it is important to establish this baseline evidence for current and future options for housing market intervention and also including assessment of the costs and effectiveness of historic schemes of this type, to be able to fully understand the impacts on the housing market of government intervention in relation to various potential policy approaches before deciding on any particular policy approach in this regard.
- 1.16 Whilst the KPMG Report provides a useful baseline analysis of the private housing market the Committee considers that there are a number of other housing policy issues which need to be addressed to help develop a holistic Housing Strategy for Guernsey, particularly aspects of the private rental market and housing quality standards.
- 1.17 The Committee considers that this significant policy area is critical to the delivery of the outcomes identified in phase one of the Policy & Resource Plan and delivery of the States identified priorities as well as the Committee's mandate. The Committee currently has access to a very limited policy resource and has identified that additional staff policy resources will be required to enable these work streams and the policy priority to progress. It therefore requests that provision is made for the prioritisation of the resource requirements through the 2019 Budget Report to cover the duration of the project.
- 1.18 The work streams and Programme of Work arising from the recommendations in this Policy Letter and which will provide evidence and information for the development of the Housing Strategy are set out in the tables below. The first table reflects the Programme of Works led and co-ordinated by the Committee (with key inputs from other Committees) and the second table sets out other work streams, led by other Committees, which have been recommended through consideration of the KPMG Report and which will also provide

information to support the development of Housing policy. The estimated timeframe as indicated is taken from when resources are in place to commence the work streams.³

Programme of Works led and co-ordinated by the Committee for the Environment & Infrastructure.

Work stream	Lead Committee/s	Other Committee Involvement	Estimated timeframe
Development of a new Housing Strategy	CfE&I, CfE&SS	CfHSC, DPA, P&RC, GHA	2 years
Each of the individual work streams below will provide evidence and information for the development of the Housing Strategy			
Research and establishment of an appropriate housing data collection model and processes and monitoring and review of the Strategic Housing Indicators	CfE&I, P&RC	DPA	12 months
Analysis of key worker housing requirements including establishing up to date definitions and analysis of costs and benefits of provision	CfE&I,	All Committees who require to house key workers, also CfE&SS, GHA and private sector as providers	6 months
Development of a Key Worker Housing Strategy	CfE&I.	All Committees who require to house key workers, DPA, also CfE&SS, GHA and private sector as providers	12 months
Development of an elderly tenure strategy including assessment of specialised housing and extra care housing requirements	CfE&I, CfHSC, CfE&SS	P&RC, DPA	12 months
Review of current Partial Ownership Scheme	CfE&SS	CfE&I, GHA	6 months
Analysis of current and future	CfE&I, P&RC	CfED	6 months

³ The Committee considers that two additional policy officers will be required for a maximum of two years and will request that provision is made for the prioritisation of these resource requirements through the 2019 Budget Report

cost of government intervention in the Housing Market and the economic and financial implications of possible policy interventions including assessment of the impacts of a deposit guarantee scheme for FTB's			
Analysis and assessment of the private rental market including adequacy of legislative protection for tenants and landlords	CfE&I		12 months
Analysis of the legislative framework and processes governing housing quality standards and how legislation can support the provision of good quality housing	CfE&I,	CfHA, CfE&SS, CfHSC	Policy letter Q4 2018

Work streams led by other Committees

Work stream	Lead Committee/s	Other Committee Involvement	Estimated timeframe
Review of the 2014 analysis of the reduction in Document Duty for FTB's, Review of the Conveyancing Court and Bond fees	P&RC	CfE&I	To be determined by P&RC
Consider establishing a working party to regularly monitor the mortgage market and processes to share information between Committees.	CfED	CfE&I, P&RC	6 months

2 Introduction

- 2.1 In September 2015, the Treasury & Resources and Housing Departments presented a joint Policy Letter to the States, entitled "Joint Report on First Time Buyers Schemes"⁴. That Policy Letter was in response to a successful Amendment from Deputy Soulsby to set out proposals for the use of any increase in the value of the Bond issue for the purposes of helping the people of Guernsey onto the property ladder by way of a first-time buyers' scheme. The two Departments were also directed to set out proposals that would help first time buyers but would not require funding from any Bond issue.

⁴States Meeting on 29th September, 2015 (Billet d'Etat XVI) available at <https://gov.gg/CHttpHandler.ashx?id=98347&p=0>

2.2 The two Departments examined a number of potential first time buyers schemes and concluded that such schemes were fundamentally inflationary: by offering Islanders financial assistance to enable them to buy properties that they would otherwise be unable to afford, such schemes help to sustain – and, in the longer term, increase – house prices. The two Departments were of the view that first time buyers were best served if house prices stabilised until they became more affordable, and then increased only in line with wages. In their view this outcome would best be brought about by an increase in the supply of housing. Consequently Treasury & Resources and the Housing Departments did not recommend that the proceeds of the Bond were used to fund the creation of a first time buyer's scheme. Instead, it was recommended that the Corporate Housing Programme Fund should in part be used, as is the case now, to facilitate the creation of properties to sell to first time buyers through the Guernsey Housing Association's Partial Ownership Scheme.

2.3 Deputy Soulsby placed a successful amendment during that September 2015 meeting of the States of Deliberation, calling for a comprehensive review of the housing market. Specifically, the States directed:

“the Housing Department and the Treasury and Resources Department (and their successors) to carry out a broad-based review of the operation of the Local Housing Market in Guernsey and to identify and assess measures that can be taken to mitigate house price inflation and influence supply and demand within the market.

Such a review to be by way of an independent report, of which the terms of reference shall include, but not be restricted to:

a) A broad-based review of the operation of the Local Housing Market in Guernsey including:

Identification and assessment of the factors which drive supply and demand, including the influence of population change and household size;

Identification and analysis of the factors influencing the prices of houses, including external influences (if any) and the first time buyer market;

A review of private sector rental costs and their relationship to other sectors of the housing market.

b) A review of current housing finance mechanisms, including:

An assessment of how house purchases are financed by the “average” household;

Mortgage lending policies;

An examination of ratios of house prices, in relation to borrowing capability;

The impact of the Guernsey Housing Association partial ownership scheme.

- c) An assessment of the role of property prices and of the costs associated with property ownership on inflation
- d) An appraisal of the various options available for Government intervention in the Housing Market including what affect the various measures may have on housing affordability and housing availability”.⁵

- 2.4 The States directed the Housing and Treasury and Resources Departments (and their successors), to report back to the States with their findings and recommendations together with a copy of the independent report no later than the end of July 2016.
- 2.5 A further amendment⁶ to the 2016 Annual Budget Report (Billet d’État No. XIX) was approved by the Assembly in October 2015 to delegate authority to the Treasury and Resources Department to approve funding for the review of the operation of the Local Housing Market in Guernsey from the Corporate Housing Programme Fund and/or by a transfer from the Budget Reserve. This amendment to the 2016 Budget was necessary as no provision had previously been made to fund the independent report.
- 2.6 Consultation was carried out with Deputy Soulsby and Deputy Domaille to discuss the housing market review in more detail (Deputy Domaille had placed a separate amendment, Billet d’Etat XVI of 29th September, 2015, in connection with a States Report on the strategic housing target). The Environment Department was also consulted as the information gathered during the review would have a bearing on housing land allocation and housing policies in the emerging Island Development Plan and the statutory requirement for a two year pipeline housing supply set out in the Strategic Land Use Plan.
- 2.7 Following the implementation of the States Review Committee’s recommendations for the reform of the machinery of government in May 2016, the responsibility for general housing policy was transferred to the Committee

⁵ <https://gov.gg/CHttpHandler.ashx?id=98340&p=0>

⁶ <https://gov.gg/CHttpHandler.ashx?id=98378&p=0>

for the Environment & Infrastructure (the “Committee”) and hence the responsibility to commission the independent review. After a competitive tendering process, the Committee agreed in July 2016 to appoint KPMG to undertake the Local Housing Market Review and KPMG was awarded the contract in October 2016.

- 2.8 KPMG finalised its independent report at the end of August 2017 and the Committee released the report into the public domain on 25th August, 2017. The Committee made clear that it was releasing the report for information and that the next steps were for it to review the report and its recommendations, as well as other relevant evidence and information, and that it would then, in consultation with the Committee *for* Employment & Social Security (CfE&SS), report its conclusions and recommendations in a Policy Letter for States consideration.

3 Strategic Context

Committee Mandates

- 3.1 The purpose of the Committee is to protect and enhance the natural and physical environment and develop infrastructure in ways which are balanced and sustainable in order that present and future generations can live in a community which is clean, vibrant and prosperous. In the context of this Policy Letter, it has responsibility for advising the States and developing policy with respect to general housing policy in relation to land use, spatial planning, and infrastructure and which must also make policy provision for Social and Affordable Housing. This is why the Committee is leading on the production of this Policy Letter, with support and engagement from key stakeholders.
- 3.2 The purpose of the CfE&SS is to foster a compassionate, cohesive and aspirational society in which responsibility is encouraged and individuals and families are supported through schemes of social protection relating to pensions, other contributory and non-contributory benefits, social housing, employment, re-employment and labour market legislation. In performing its role, the CfE&SS responsibilities include advising the States, developing and implementing policies on matters relating to its purpose, including inter alia, Affordable Housing, including States’ housing, the States’ relationship with housing associations, and supplementary benefit, which will become Income Support in July 2018.
- 3.3 In addition, the P&RC and the CfED have responsibilities that relate to housing, and will have some accountability for the delivery of work streams following the debate of this Policy Letter, if the propositions are approved by the States. The work streams that the P&RC would be involved in, or responsible for, relate to assisting first-time buyers, reviewing document duty and bond fees,

developing a data collection model, and researching and profiling under occupancy. The work streams that the CfED would be responsible for relate primarily to credit provision and the mortgage market.

Policy & Resource Plan

- 3.4 The States approved Phase 2 of the Policy & Resource Plan in June 2017 (Billet d'État XII of 2017, Article 1), which set the policy objectives that the States wished to work towards. As part of the debate on the 2018 Budget, the States prioritised the policy areas, and identified Affordable Housing (including social housing) as one of its 23 priorities. Since that debate, the Committee has proposed that this policy priority area is renamed 'housing policy', to better reflect its original intention to cover both Affordable Housing (which includes social housing) within the mandate of the CfE&SS and general housing policy (including policy provision for Affordable Housing) within the Committee's mandate.
- 3.5 The definitions of different types and tenures of housing are set out at Appendix 2 for information. However, it is important to clarify that Affordable Housing has a specific definition in The Land Planning and Development (Planning Covenants) Ordinance, 2011 and comprises Social Housing provided for persons on low incomes or with other specific needs identified by the CfE&SS and Intermediate Housing. As defined it is not specifically concerning the affordability of housing although the Committee recognises that this is generally what it is interpreted to be. This often leads to confusion and so the Committee will consider the definition of terms as part of the Housing Strategy to seek to resolve misunderstanding.
- 3.6 This policy priority focuses on improving Affordable Housing options to ensure appropriate availability, quality and affordability of both States' housing and the housing provided by registered housing associations. In addition, the priority also focuses on the supply of an appropriate amount of housing of the required size, mix, type and tenure to meet the island's housing needs in an affordable and sustainable way, including through Affordable Housing and private sector housing.
- 3.7 Policy objectives include timely access to homes of a good standard and an appropriate size, mix, type and tenure and a significant reduction in waiting lists for social housing. They also include the investigation of measures which may contribute to the affordability and availability of housing. The intention is for the States to strengthen its partnership with the GHA, and to review the provision of housing for key workers in the public sector. In addition, steps will be taken to reduce the misallocation of social housing units.

- 3.8 The Committee and the CfE&SS intend to continue to work together to deliver the objectives of this Priority approved by the States of Deliberation. The independent report 'Guernsey Housing Market Review' (the KPMG Report) provides a useful independent assessment as a first step to help inform the development of policies in this area.

Review of Population Management Law

- 3.9 In March 2017 the States agreed an Amendment that instructed the P&RC to lead a review of the Population Management Law which came into force on 3rd April 2017 and its underpinning policies including a review of overarching strategic population policy. Although the review is on-going so has not influenced this Policy Letter, as population policy could have a direct impact on future housing requirements and policy, the Committee is very aware of the need for constant review of the population position whilst developing housing policy.

The Strategic Land Use Plan and The Island Development Plan

- 3.10 The Strategic Land Use Plan, 2011, (SLUP) recognises the importance of striking the right balance between housing supply and demand so that the market can operate effectively. Core objectives are to improve housing availability, quality and affordability and to enable people to stay independent in their own homes. The SLUP requires Development Plans to provide scope and flexibility for a sufficient quantity of housing provision to meet all identified needs. It requires that Development Plans put in place a minimum five year land supply to meet the annual requirement for new homes determined by the States and then to review the policies before the end of the first five years period in order to assess the appropriate scale of housing land supply for the remaining five years of the Plan. It also requires the DPA to maintain a minimum two year 'pipeline supply' of housing permissions that are able to come forward for development.
- 3.11 Consistent with the SLUP, the IDP makes provision for the Island's housing land requirement for the first five years of the Plan period. When the IDP was adopted in November 2016, this indicator was set at 300 additional new dwellings each year. In accordance with the SLUP, the Authority seeks to ensure that a two year housing provision is effectively made at any one time through housing permissions. The policies of the IDP require that where housing proposals can accommodate a variety of dwellings, it will normally be expected that the mix and type is reflective of the demographic profile of households requiring housing at the time.

4 The KPMG Report Findings and the Committee's conclusions

Introduction

4.1 The KPMG Report focuses on Guernsey's local housing market, and was commissioned to:

- Predict current and future demand for housing, including Affordable Housing;
- Subdivide the proposed strategic housing target into Affordable Housing and general market housing;
- Investigate price trends in the local market for residential property;
- Report on factors influencing the price of housing;
- Conduct qualitative and quantitative research to identify financial and nonfinancial barriers to ownership with particular reference to first time buyers;
- Explain the methods of financing property purchase used by 'average' households;
- Review private sector rental costs, assess their affordability and their relationship to other sectors of the housing market; and
- Examine the various options available for Government intervention in the housing market including what effect the various measures may have on housing affordability and housing availability.

4.2 The KPMG Report, despite its narrow scope, is useful in that it represents one source of information when considering general housing policy in Guernsey, and which can inform government when determining action and direction to meet its priority as set out in the Policy & Resource Plan. At the same time, the Committee stresses that the conclusions are not exhaustive in the development of housing policy and represent findings at a point in time and there will have been changes since publication of the report. There will also be other evidence and information which will be of relevance (e.g. housing waiting lists, Guernsey Annual Housing Stock Bulletin). However, it recognises that this independent report, together with other key information will provide the foundations on which to redefine government's role in the local housing market and in setting housing policy in this area for the medium term.

Consultation and Engagement

4.3 The KPMG Report itself was compiled drawing on feedback from industry stakeholders and also the results of a First Time Buyer survey. The Committee and CfE&SS published the KPMG Report in August 2017 in order that the

market, community and government could consider the report prior to any immediate assessment. The reaction to the report helped to inform the two Committees' consideration of the issues raised.

- 4.4 In early October 2017, the two Committees held a joint workshop to consider the findings and recommendations of the KPMG Report. Due to the wide-ranging nature of the recommendations, it was agreed that the views of the GHA, the P&RC and the CfED would help inform the Committees' deliberations. All three bodies were consulted in order to gather their comments on the report's findings and recommendations relevant to their mandates as well as more generally. The responses received have assisted with the preparation of this Policy Letter and are attached in Appendices 3, 4 and 5. There were also meetings held with the private sector and the Guernsey Housing Association to discuss the KPMG Report.
- 4.5 The sections below outline the findings of the KPMG Report and the Committee's conclusions.

Affordability for First Time Buyers

- 4.6 The KPMG Report finds that FTB's as a group can act as a key stimulant to the market, so any assistance provided is likely to benefit the wider market in the short-term. Affordability ratios (calculated by dividing house prices by gross annual earnings) are worst at the lower end of the market quartile (approximately 15 times). FTB's will also suffer higher mortgage interest rates due to higher Loan to Value requirements. The level of deposit required is a challenge for FTB's (deposit of 10% and transaction costs <4%), rather than the ongoing cost of the mortgage.
- 4.7 The KPMG Report considers the introduction of a Help to Buy Scheme (deposit loan, guarantee or saving schemes) is unlikely to improve affordability ratios for FTB's. Instead it considers them to be a stimulant for demand that is likely to be inflationary if launched without an appropriate supply side policy. The KPMG Report findings reconfirm those of the previous States research in 2015 into the potential provision of a Help to Buy Scheme. The conclusion of the KPMG Report is also that such schemes could lead to higher Loan to Value requirements, carry a greater risk of negative equity and are a risk to government's investment/guarantee in such schemes. For example, experience of such schemes in the UK has led, in some cases, to developers charging a premium for Help to Buy properties and inflation in the price of new-build dwellings such that the divergence between new-build and second-hand prices

is higher than it's been since records began⁷. The Report does not consider a Help to Buy scheme would produce long-term benefits for Guernsey.

- 4.8 The Committee is aware that, since the KPMG Report was drafted, there are signs that Guernsey's housing market, generally, is beginning to emerge from the downturn with access to new lenders being established, some easing in lending requirements and with more options being offered to FTB's. However, the housing market remains fragile with fluctuations in house prices and the numbers of transactions showing both growth and fall recently. Whereas Guernsey's Local Market house price index for Quarter 4 2017 showed a 0.3% increase on the previous quarter and a 2.5% increase in house prices and 39 more transactions than in the same quarter in 2016⁸, Quarter 1 of 2018 has shown a fall in both house prices and transactions from the previous quarter and the corresponding quarter in 2017⁹. Under current market conditions, the Committee does not consider that a Help to Buy Scheme would produce long term benefits for Guernsey and that caution should also be exercised with suggesting such a scheme as this might unsettle a fragile housing market. It considers that to interfere significantly in the market at this time could easily do more harm than good.
- 4.9 However, the Committee is aware that by far the largest cost to FTB's and a barrier to entering the market (as established in the KPMG Report) is the deposit required. The P&RC has suggested that there might be merit in exploring a deposit guarantee scheme. Therefore, whilst remaining cautious about any steps which could result in a long-term increase in housing prices, in view of the comments of the P&RC the Committee will explore further the impacts of a deposit guarantee scheme for First Time Buyers as part of the development of a Housing Strategy.
- 4.10 **The Committee agrees with the analysis and conclusion of the KPMG Report that a Help to Buy Scheme, whilst having a short term benefit for some FTB's, would exacerbate longer term issues of affordability, could have a very negative impact on the housing market as a whole and carries with it risks to government investment. However, the Committee will explore further the impacts of a deposit guarantee scheme for First Time Buyers as part of the development of a Housing Strategy.**
- 4.11 Specifically with respect to FTB's, the KPMG Report makes a number of recommendations relating to partial ownership, changes to document duty, encouraging the development of specific FTB housing and the provision of advice to FTB's. The specific recommendations and the Committee's conclusions to each are set out below.

⁷ 'The help to buy premium – and its unintended consequences' Morgan Stanley 2017

⁸ Guernsey Quarterly Residential Property Prices Bulletin- Q4 2017 issued 9th February 2018

⁹ Guernsey Quarterly Residential Property Prices Bulletin- Q1 2018 issued 11th May 2018

- 4.12 The KPMG Report recommends that the States works with the GHA to design criteria for a secondary GHA partial ownership scheme which would allow stair-casing up to 100% ownership and which would therefore incentivise FTB's to move onto the private market within a defined period. Typically, GHA clients do not tend to staircase but remain as partial owners. Although the Committee, the CfE&SS and the GHA do not agree that people should be able to stair-case up to 100% ownership, as this would potentially reduce the stock of partial ownership properties and prevent their release back into the market for new partial owners to occupy, they all consider there is merit in reviewing the existing partial ownership scheme. Since publication of the KPMG Report, the GHA has commented that it would consider stair-casing up to a maximum of 90% ownership.
- 4.13 The P&RC and the Committee concur that, given the small scale of the Partial Ownership sector in Guernsey, a secondary scheme would be inappropriate. The GHA commented that the Partial Ownership Scheme, which has operated over the last ten years, has shown that many of the existing partial ownership leaseholders are unable to buy more equity and are unlikely to buy into the private sector.
- 4.14 **The Committee does not consider, therefore, that a second Partial Ownership Scheme would bring benefits to FTB's in the Guernsey context. It proposes, however, to review the current Partial Ownership Scheme to inform the future development of the Housing Strategy.**
- 4.15 The KPMG Report further recommends that the States consider changes to Document Duty for FTB's, including options such as the removal of Document Duty and Bond Fees for FTB's, setting maximum thresholds for relief, considering timeframes that any relief would remain in place, and designing a registration process to determine eligibility for FTB's. The P&RC has highlighted that the restructuring of Document Duty in the 2017 Budget will have reduced the Duty payable on property below the average value and this may have already provided some assistance to FTB's.
- 4.16 The P&RC has noted the policy of relief for FTB introduced in the UK in November 2017, and recognises that it might appear attractive and worthy of future investigation. Indeed, it is a policy that has been used intermittently, and the Committee is aware of the benefits of being able to turn this policy on and off as and when it is required. However, the P&RC is cognisant of the risk that this could simply drive house prices up and further damage the ability of FTB's to acquire their own properties. The P&RC indicated that it would wish to undertake a review of the previous analysis of the impacts of a reduction in Document Duty for FTB's in 2014 to fully assess the impacts of this policy instrument.

- 4.17 It has acknowledged, however, that the total transaction costs for a lower value property in Guernsey are still substantially more expensive than making the equivalent purchase in the UK or Jersey and that by far the largest cost to FTB's and a barrier to entering the market (as established in the KPMG Report) is the deposit required. On this basis, and whilst remaining cautious about any steps which could result in a long-term increase in housing prices, the P&RC has suggested that there might be merit in exploring other ways to assist FTB's such as a deposit guarantee scheme (please see paragraph 4.9), review of Bond Fees and assessing the merits of Guernsey's Conveyancing Court. The P&RC intends to conduct a review of the latter, which would be in accordance with the Public Sector Reform agenda and the transformation of public services.
- 4.18 **The Committee notes the P&RC's willingness to review the 2014 analysis of the reduction in Document Duty for FTB's and Bond fees. The Committee also notes the P&RC's proposal to review the Conveyancing Court. The Committee would expect any reduction in transaction costs arising from such a review to be passed onto the market.**
- 4.19 A recommendation of the KPMG Report is that the States encourage the development of housing specifically for FTB's through the land planning mechanism, by identifying areas of land suitable for FTB housing and applying relevant zoning or planning conditions. This would include defining criteria for eligibility, price conditions, and mechanisms for owners to sell their property on. The recommendation was to pilot this on a limited scale with up to 15 units in the first stage.
- 4.20 It is recognised that supply side interventions can have a role to play in addressing barriers to market entry for FTB's. The current planning policy framework does not enable zoning for housing specifically designated as a FTB development. Any changes to the IDP to effect this recommendation would require a statutory process involving a substantial amount of consultation, review, and resource investment and cost. This policy approach would be undesirable as it would effectively sterilise any land zoned for first time buyers housing so that it could not be used for any other purpose if required without further changes to the IDP.
- 4.21 In any case the IDP policies now say, where housing proposals can accommodate a variety of dwellings, it will normally be expected that the mix and type is reflective of the demographic profile of households requiring housing at the time. The IDP policies now provide the mechanism for the States to expect development to provide the type of housing required at that time. This can include FTB's housing. The existing land use policies are flexible enough to provide for new FTB housing as and when it is identified that it is required without the need to sterilise land by allocating it for a specific purpose.

- 4.22 Given the above policy mechanism to provide housing for FTB's, references to 'lack of land supply' in the KPMG Report are inaccurate as the IDP has identified a five year supply of land for housing (based on the current Strategic Housing Indicator of 300 units per year). The most recently published IDP Quarterly Monitoring Report indicates an increase in the pipeline supply (2 year supply) of dwellings to 1177 dwellings which substantially exceeds the current Strategic Housing Indicator requirement of 600 units. Developers may have not acted on planning permissions given, as discussed below, but that is a separate issue to land supply.
- 4.23 **The Committee will ensure that there continues to be a sufficient housing land supply identified to satisfy the approved Strategic Housing Indicator and will work with the DPA regarding the 5 year review of housing land supply in the IDP to help to identify a housing land supply for 2021 to 2026. The Committee will collect data about and monitor type and mix of housing to ensure that it is reflective of the demographic profile of households requiring housing at any particular time, including in relation to FTB housing, and will advise the DPA accordingly in relation to specific development proposals.**
- 4.24 Finally, with regard to FTB's the KPMG Report recommends that the States creates a mechanism for the provision of impartial advice to FTB's. The suggestion is to produce literature for FTB's, to explain the property buying process and options, and the consideration of holding a FTB's property event to help educate and promote the partial ownership scheme available through the GHA.
- 4.25 In times of financial constraint and with the need to prioritise limited resources, the Committee does not consider it would be appropriate for the States to step in to offer advice in areas where the private sector should be functioning. The provision of financial and other advice to FTB's should be provided by private sector providers and the GHA. The Committee welcomes the financial advice and education that is now provided in secondary education as part of the Personal, Social, Health and Economic education within the Guernsey Curriculum. The Committee would be willing to help facilitate the organisation of a FTB's event involving relevant stakeholders.
- 4.26 **The Committee does not propose to provide a mechanism for the provision of impartial advice to FTB's, except for helping to facilitate a FTB's event, in which members of the industry have indicated an interest in participating**

The Strategic Housing Indicator

- 4.27 Following Guernsey's first ever Housing Needs Survey, which was commissioned in July 2000, and completed in 2001, the then States Housing Authority published a Policy Letter (Billet d'État IX of 2002, Article 9) which

outlined the key findings from that survey. It was anticipated that, based on the objectives of the survey, that it would inform the Authority of the demand, in terms of the number of additional units required, the proportion of those that should be social sector homes, and how demand and need would change over the next five years. The survey results and subsequent Policy Letter indicate that there was an annual shortfall in housing provision, and in particular a mismatch between supply and demand, driven by issues around the affordability and availability of appropriate housing.

- 4.28 The States resolved that the States Strategic Housing Target should be set at 300 units per year. This was projected at the time to provide an annual surplus of 121 properties, which could be absorbed by the backlog of potential householders, living with their parents for example, and to resolve some of the 'mismatches' in housing provision. However, that housing target was not designed to address the tenure and affordability 'mismatches' that were the root of the Island's housing problems at the time, and a problem we continue to see today.
- 4.29 Further Resolutions from that 2002 debate directed that the above target of 300 units per year be in place for a maximum of three years and then reviewed as part of the 2004 Housing Needs Survey. Subsequent Housing Needs Surveys were directed to be carried out at intervals of no more than five years. Each time they have been carried out, the target approved by the States in 2002 has been reviewed and the States has determined that it remain at 300 new units a year. However, in September 2015 (Billet d'État XVI of 2015, Article 14), the recommendation to retain the Strategic Housing Target at 300 units per year was not approved by the States, and instead the Housing Department was directed to undertake an objective Housing Needs Survey, which led to the KPMG Report.
- 4.30 The Strategic Housing Indicator is important as a guide to the right balance between housing demand and supply. It informs the housing land supply identified in the IDP to provide for a sufficient quantity of housing provision to meet identified needs and there is a requirement, through the SLUP, for the DPA to demonstrate that there is a maintained minimum two year supply of housing permissions within the 'pipeline' that are able to come forward for development. The DPA also monitors the supply of housing on a quarterly and annual basis.
- 4.31 As explained in the Housing Department's 2015 Policy Letter (Billet d'État XVI of 2015, Article 14), the requirement to ensure that a sufficient number of planning permissions are granted each year to provide a two year pipeline supply (600 units) has been consistently met. However, landowners and developers have not implemented all of the planning permissions. This has led to the strategic housing target not being met in terms of construction and

completions for some time. In 2017 there was a net increase of only 86 units constructed, although this was showing a minor increase of 0.3%¹⁰. Primarily this is due to the economic climate. In addition, until recently, the pipeline supply was not able to address the size, type, mix and tenure required by the demographic requiring housing at any one time and represents an untargeted provision measured purely in terms of numbers of permissions granted.

- 4.32 It is important to understand that the States has no control over implementation of planning permissions and cannot force developers to construct those housing units with planning consent so has no control over how many residential units are actually built. This is heavily influenced by external matters such as finance availability and requirements, capacity of the construction industry and personal choice and investment and cannot therefore be a target that the States has any control over meeting. The term 'target' is therefore misleading. The Committee proposes to refer to the future housing requirements as Strategic Housing Indicators to more accurately reflect their purpose.
- 4.33 In forecasting future housing requirements the KPMG Report took the number of local market homes in 2014 from the 2014 census data and considered the impact of population change, demographics and migration. At this point the report estimated 5.8% (just under 1300 households) of Guernsey's local housing market was overcrowded in 2014 and that 10% (just over 2500 households) of Guernsey's households were under occupied. The KPMG Report therefore concluded that there is a sufficient stock of rooms in Guernsey to theoretically eliminate overcrowding; it is in effect a challenge of reallocation.
- 4.34 The future housing requirements set out in the KPMG Report were not designed to address overcrowding; it assumed that people should move themselves into the right size property for their requirements. In this regard, the Committee notes that, within the terms of its mandate, it cannot directly influence people who are under/over-occupying general market properties or compel them to move to the right sized property. It can ensure that the policies are in place, through the IDP, to allow the supply of dwellings of an appropriate size, type and tenure to encourage people to move to an appropriate property. Regarding Affordable Housing though, CfE&SS can have more direct influence within its mandate and has started work to decant, renovate and reallocate properties, to ensure that tenants are housed in properties that are suitable for the size of their household and their needs.
- 4.35 In order to provide a more refined analysis of future housing requirements the KPMG Report splits the Strategic Housing requirement into general market housing (private requirement) and Affordable Housing. To do this the report

¹⁰ Guernsey Annual Housing Stock Bulletin March 2018

considered the historical relationship between the total housing stock and Affordable Housing stock and the demand for Affordable Housing at the time the report was written. The KPMG Report recommendations are modelled on reducing waiting lists for Affordable Housing by 40%, to 60% of their level at the time. The full methodology used by KPMG is set out in pages 20 to 26 in Appendix 1. This modelling led to the reports recommendation for the range of numbers of Housing Units required by size (number of bedrooms) and tenure through to 2021 as set out in the table below.

**Additional Housing Units required by Tenure and Bedroom 2014 to 2021
(and 2017 to 2021 for Affordable Housing Units)**

Bedrooms	Total Requirement		Affordable Requirement		Private Requirement	
	Min	Max	Min	Max	Min	Max
1	203	277	116 (71)	167 (101)	88	110
2	238	332	65 (40)	94 (57)	173	238
3	189	278	53 (32)	77 (47)	136	201
4	55	85	5 (3)	7 (4)	49	77
5+	13	23	0 (0)	0 (0)	13	23
	698	995	239 (146)	345 (209)	459	649

**Affordable Housing requirements were updated to predict the housing requirement for 2017 to 2021; this data is reported in brackets in the table above. Data on additional private homes built was not available.*

- 4.36 The Committee has noted that, in the Guernsey context, there is quite a large range between the minimum and maximum requirements identified in the KPMG Report. Therefore the Committee has identified the median requirement and applied a plus or minus variance to accord with the range recommended in the report in order to provide a more targeted indicator. Until such time as more robust, reliable and frequent data is available on which to recommend Strategic Housing Indicators the plus and minus variance will give the flexibility for the indicators to react to market changes in a timely way.
- 4.37 The Committee recommends that the States Strategic Housing Indicator be set at creating 635 new units of accommodation between 2017 and 2021, with a plus or minus variance of 149 new units equating to an annual average of 127 additional units of accommodation with a plus or minus variance of 30 new units of accommodation¹¹;

¹¹ Numbers may not sum due to rounding

- 4.38 The Committee further recommends that the States Strategic Housing Indicator be split into an Affordable Housing Indicator set at creating 178 units of Affordable Housing over the next five years with a plus or minus variance of 32 new units and a private market housing indicator of 457 new units of accommodation with a plus or minus variance of 117 new units of accommodation for the same period.
- 4.39 As the proposed Strategic Housing Indicator of 635 new units of accommodation between 2017 and 2021 is substantially lower than the existing Strategic Housing Target of 1500 units over the same period of time (300 units per year) there will be no immediate requirement to amend the IDP to identify housing land supply. As the IDP has provided for a five year supply of housing land at the former higher requirement this will simply be taken into account when providing for the next five year housing land supply in 2021 in accordance with the SLUP.
- 4.40 Although the Committee welcomes the preparation of revised figures to update those provided in the last Housing Needs Study which was carried out in 2011, and the breakdown between private sector and Affordable Housing which provides a more refined analysis of future housing requirements which can facilitate a more targeted approach to future housing policy, it recognises that the KPMG Report analysis is predicated on forecasts which were available at the time the report was compiled. It is aware that some of the data in the report is already out of date and that its analysis does not reflect current waiting list data, or developments which have taken place since the report's conclusions and recommendations. For example the KPMG Report suggests that we need between 3-4 more Affordable Housing units with 4 bedrooms whereas the waiting list now suggests that 25 households are waiting for a 4 bedroom property. The Affordable Housing requirement figures produced by the KPMG Report were based on reducing the waiting lists by 40%, to 60% of their levels, which was the revised policy position of CfE&SS at the time that the KPMG Report was commissioned in 2016. Since then, the waiting lists have significantly reduced from those levels. This is primarily as a result of the GHA's recent developments.
- 4.41 Nevertheless, until data collection and analysis for the purpose of setting Strategic Housing Indicators is more frequent and reliable the Committee recognises that there is no other robust evidence, other than that presented in the KPMG Report, on which to recommend future housing supply requirements. (please see paragraphs 4.45 and 4.46 below)
- 4.42 **Until such time as more robust, reliable and up to date data is available on which to recommend Strategic Housing Indicators, the Committee has based the future housing requirements on the most up to date evidence available as set out in the recommendations of the KPMG Report but expressed as a**

median requirement with a plus or minus variance to give the flexibility for the indicators to react to market changes in a timely way. The Committee also proposes to refer to the future housing requirements as Strategic Housing Indicators in recognition of the fact that historically referring to these as targets was misleading.

- 4.43 The KPMG Report also concluded that the data recording the net change in general market housing units by bedroom should be maintained on an ongoing basis and integrated with real time monitoring of progress toward housing targets.
- 4.44 The Guernsey Annual Housing Stock Bulletin monitors change in housing by bedroom. Since October 2017 the process for gathering information on the number of bedrooms per unit has been automated increasing the accuracy of bedroom information collected from Estate Agents' websites but is not available for all of the island's domestic property units (not available for 8.7% of units). Recently the DPA has also begun to monitor housing planning permissions given in terms of number of bedrooms which will provide for a more refined analysis of the 'pipeline supply' of housing permissions. By actively monitoring activity in the market this data set will remain up to date and provide a reactive mechanism so that policy making decisions in the future are in relation to the market at the time. For example it will be essential in order to be able to ensure that new housing is reflective of the demographic profile of households requiring housing at the time in accordance with IDP policies. If robust and real time monitoring can be established, in the future there may be scope to make the requirement to repeat a Housing Needs Study at least every five years unnecessary in much the same way as the e-census provides a live population census.
- 4.45 **The Committee will liaise with the P&RC and the DPA in order to inform investigation of how best to monitor the net change in private units by bedroom and the housing market generally and how to integrate this with the monitoring and review of the Strategic Housing Indicators.**
- 4.46 The KPMG Report also recommends that the States considers the collection, and where appropriate, the publication of additional Key Performance Indicator data. Whilst the housing market is difficult to interpret, in order to make effective and efficient use of land it is important that the mix and type of housing delivered is reflective of need at a particular time. In particular this includes considering the key inputs into the housing indicators model to inform the calculation of future housing requirements, and comparison against the supply of additional units of different types, size and tenures to identify any likely gaps.

- 4.47 **The Committee agrees that the regular collection and publication of relevant and reliable data as outlined in the KPMG Report is important so that analysis of future housing requirements and the formulation and implementation of housing policy is robust, up to date and accurate and would also aid with transparency and understanding of the market. The establishment of an appropriate data collection model, data collection processes and publication of information collected is identified as an important work stream which will provide evidence for and inform the Committee’s proposed Housing Strategy.**

Credit Provision for the Housing Market

- 4.48 The KPMG Report noted that there have been periods when there has been a contraction of credit availability for the local housing market, driven principally by a fall in the number of lenders, as well as a tightening of banks’ lending criteria. This has been a factor in falling transaction volumes since 2013. The report suggested that there is a need to increase and diversify the availability of mortgage credit in Guernsey to reduce risk and provide more choice of products. It recommends that this could be achieved through increased lending from the existing lenders as well as attracting new mortgage providers to Guernsey. The KPMG Report concludes that there needs to be a minimum of an additional £20m of credit made available in order to move away from the highly concentrated market position Guernsey is in. It makes three recommendations to help move towards this. Although there have been some recent changes which has seen new mortgage lenders enter the market and increased choices for borrowers the Committee considers that the KPMG Report recommendations have merit in this respect.
- 4.49 The Committee sought the views of the CfED on the three recommendations in the KPMG Report relating to Credit Provision within Guernsey.
- 4.50 In the first instance the report recommended that the States establish a working party with representatives from government, the AGB and the GFSC to regularly monitor the mortgage market.
- 4.51 The CfED noted that banking, globally, has experienced a degree of retrenchment since the financial crisis of 2008 and this is reflected in the current concentration of lenders in relation to the local housing market. One of CfED’s existing policy priorities is to secure and grow the banking sector¹² acknowledging that this is a long-term project.
- 4.52 The CfED advised that there are existing forums for stakeholders to advise on issues affecting the mortgage market and there has been recent dialogue with members of the AGB and the Commercial Bar. In addition the CfED provides a

¹² Finance Sector Strategy March 2014.

monthly forum for all stakeholders (including the GFSC) to advise on issues and developments affecting the finance sector generally, including the mortgage market and the P&RC Data and Analysis team publish quarterly residential property prices bulletins which give prices of local and open market house transactions in Guernsey.

- 4.53 The CfED is however supportive of the working party recommendation and will be discussing it with the AGB and the GFSC to understand their views in respect of the establishment of a working party.
- 4.54 **The Committee welcomes the CfED's consideration of establishing a working party with representatives from government, the AGB and the GFSC to regularly monitor the mortgage market.**
- 4.55 Secondly the KPMG Report recommended that a shortlist of potential new lenders should be approached to better understand their appetite to enter the market and the barriers that they face.
- 4.56 The CfED has advised that this recommendation reflects an ongoing policy priority of the CfED, and which resulted in access to several new lenders, including the "Family Building Society", "Nash & Co Capital Ltd" and "Ultimate Capital" through a business set up in 2017¹³. The CfED is committed to continue working with Guernsey Finance and the GFSC to identify potential new lenders and to understand what, if any, barriers they perceive exist in respect of the Guernsey market.
- 4.57 **The Committee recognises the CfED's work to deliver its policy priority in this respect will work towards fulfilling the recommendation in the KPMG Report regarding encouraging new entrants to the lending market.**
- 4.58 Finally, the KPMG Report recommended that there should be ongoing dialogue with existing lenders to keep abreast of their lending appetite and the challenges they face.
- 4.59 The CfED advised that there is ongoing dialogue with local lenders through established forums to understand their concerns and areas where they feel government support is required. The CfED understand, from the AGB, that local lenders are of the opinion that the market is functioning correctly at the current time.
- 4.60 **The Committee supports ongoing dialogue and communication between CfED and the industry and will work with the CfED to establish a process between the two Committees to ensure that the important information gained in**

¹³ Largemortgageloans.

dialogue with the Industry is regularly shared in order inform monitoring of the market and housing policy.

Provision of Key Worker Housing

- 4.61 The KPMG Report concluded that the affordability of housing on the island might impact on the ability to attract, recruit and retain key workers. Key workers are currently housed in a mixture of States of Guernsey owned properties, GHA owned properties, and private sector rentals. Key Worker Housing is considered Affordable Housing.
- 4.62 The KPMG Report recommends that the States of Guernsey could consider building specific key worker accommodation, or could provide a long-term guarantee of occupancy of rental units to the private sector, in order to encourage them to develop dedicated key worker units.
- 4.63 The report recommended that the States should assess the current cost of support given to key workers for accommodation; more tightly define who comprises key workers in Guernsey, and assess future needs for key worker accommodation, while reconciling this to the GHA's intentions for development. Finally, the report recommended that, if desirable, the States should liaise with the private sector to better understand their appetite for developing key worker accommodation.
- 4.64 Primarily, at present, key worker accommodation is provided for nursing staff employed by the Committee *for* Health & Social Care, but also a small number of teachers employed by the Committee *for* Education, Sport & Culture, and on occasions, some staff employed by the Committee *for* Home Affairs. However, the definition of what constitutes a Key Worker is unclear and has most probably changed over time. An important first step for any work stream considering the role of, and need for, key worker housing must be to analyse the current situation, including the implications of States approved strategies and policies, and requirements across all of the States and to define what is considered a key worker in the Guernsey context at this time as well as how, why and if key worker housing should be provided and the costs and impacts involved.
- 4.65 The Committee has consulted with the P&RC on the provision of key worker housing, as the Human Resources function is best placed to possess the necessary information and co-ordinate responses informed by operational needs within the individual Service Areas. The P&RC has confirmed that the provision of key worker housing is critical to the sustainability of public services and that it is actively engaging in responding to the recommendations in the KPMG Report. In addition, the CfE&SS has been consulted, as the Committee that has mandated responsibility for Affordable Housing, of which key worker

accommodation is a part. The CfE&SS has indicated that it agrees with the Committee about the importance of establishing a definition of key workers and the requirements at this time across the States as a starting point for any work stream considering the provision of key worker housing. The GHA has confirmed that it wishes to work with the relevant Committees on its key worker housing needs and to help to define key workers more clearly in relation to the island's needs at this time.

- 4.66 The Committee recognises that if initial analysis concludes that key worker housing should be provided a key worker housing strategy for Guernsey will be required as part of Housing Strategy generally and will entail work with the CfESS, GHA and the private sector as providers to match supply with demand. This will include clear definitions of key workers, determining an accommodation policy and clarity on funding sources etc.
- 4.67 **The Committee welcomes the P&RC's support for the recommendations in this respect. The Committee intends to work with all relevant Committees, the GHA and the private sector to establish clear definitions of key workers, to analyse key worker housing requirements at this time and the costs and benefits of provision. If initial analysis concludes that key worker housing should be provided a key worker housing strategy for Guernsey will be developed as part of the Housing Strategy generally.**

Provision of Elderly Tenures

- 4.68 In summary, the KPMG Report confirmed that Guernsey's demographic projections indicate a rapid increase in the number of people aged over 65 in the coming years. Currently, only 2% of over-55s live in dedicated over-55s housing, and that over-55s could free up larger homes and reduce under occupancy of Guernsey's housing, by moving to dedicated over 55s accommodation. On this basis, the report recommended that:
- the States should construct an accurate waiting list for over 55s dedicated housing tenures to influence development,
 - there should be an ongoing dialogue with developers to understand the challenges they face in this part of the market, and
 - the States should support over-55s dedicated housing tenures through the planning process.
- 4.69 The Committee has sought the views of the P&RC, which has responsibility for Data and Analysis. The Committee is aware of the sector already attempting to meet the assumed needs of homeowners through the provision of accommodation for over 55's, but notes that these have not generally been successful to date. The P&RC recognises that a waiting list for over 55s would

provide additional information of unmet demand however, it advises that the compilation of a single list would not be feasible given the mix of providers in the market, and that individuals may be included on multiple lists leading to inaccurate data on which to base policy. The Committee does not consider any list would ever remain accurate, and that the market is best placed to anticipate and forecast demand.

- 4.70 The KPMG Report recommendations focus predominantly on further supply side interventions, and the Committee does not believe that the shift in demand is going to be wholly addressed by the three recommendations in this area. In addition, although not exclusively reserved for the elderly, there is a clear synergy between the provision of specialised housing including extra care housing and elderly tenures which requires further assessment. The Committee considers the report's recommendations to be somewhat blurred and that the issue is not so much an issue of supply but is more likely to be to do with the mismatch of housing stock.
- 4.71 The Committee recognises that a work stream is required to consider the requirements for elderly tenure housing, including assessment of specialised housing and extra care housing needs, in order to examine the likely future requirements and the options and mechanisms for delivery and the costs and impacts involved. This work stream will have close associations with the Supported Living and Ageing Well Strategy (SLAWS) which was adopted by the States in 2016, which sets out how the States will plan and provide for the long-term care needs of islanders, particularly in the areas of providing independent living for all and providing appropriate housing for an aging population including recognising long-term care needs. This work stream would develop an elderly tenure strategy for Guernsey as part of the review of Housing Strategy generally.
- 4.72 **The Committee has concluded that the recommendation to construct an over 55's waiting list is not an appropriate mechanism to address the issue of elderly tenures and could result in inaccurate foundation evidence on which to base policy.**
- 4.73 The KPMG Report also recommended that the States should consider providing assistance to those wishing to move into more dedicated units. It commented that this assistance could possibly include providing Document Duty Relief and assisting with physically moving property.
- 4.74 The Committee recognises that this recommendation would seek to drive demand through price signals and incentives and as such has the potential to be more successful than supply side interventions on their own. The Committee has sought the views of the P&RC in considering this recommendation.

- 4.75 The P&RC also considers that there may be merit in this recommendation, as evidence does suggest there is an issue of under-occupancy in Guernsey. There may however be a number of approaches to tackling this problem, and before making any commitments towards the use of financial incentives, it would be necessary to obtain further information on the profile of households with under-occupancy and the reasons why people choose not to move into smaller accommodation as their circumstances change. Establishing the scale of the problem would also assist the P&RC in revisiting differential Tax on Real Property rates as a possible means of addressing the misallocation of properties. The P&RC has expressed a wish to explore the feasibility of charging penal rates for properties left unoccupied for prolonged periods of time, although they are conscious of the practical difficulties of such an approach.
- 4.76 The Committee agrees with the P&RC that there is a need for further research to understand whether the issue is the market failing to provide sufficient accommodation for over-55s, or rather, a mismatch of housing stock problem, 'blocking' moves in the private market.
- 4.77 **These considerations would be part of a work stream which will develop an elderly tenure strategy for Guernsey in collaboration with the P&RC, the CfHSC and the CfE&SS as part of the development of Housing Strategy generally.**

Government Support to the Housing Market

- 4.78 As part of its review KPMG concluded that a detailed analysis of the current and potential future, costs of policy approaches towards intervening in the housing market should be undertaken in order to assess whether particular policy approaches are consistent with the long term strategic objectives of the States of Guernsey. The report found that it was not aware of any comprehensive analysis currently performed to estimate the total cost of government intervention in the housing market.
- 4.79 The KPMG Report therefore recommended that the States compile a complete list of areas of government intervention related to the housing market (both revenue and expenditure aspects), and that the financial impact of the current interventions should be assessed. These costs include, but may not be limited to, mortgage interest relief, grants to the GHA (both financial grants and grants of land), maintenance and administration of States rental properties, maintenance and administration of properties operated by other States departments and committees and the GHA. In addition, it recommended that, when considering future policy options, the financial impact of government intervention should be appraised.

- 4.80 The Committee agrees that it is important to establish this baseline evidence to be able to fully understand the impacts on the housing market of government intervention in relation to various potential policy approaches before deciding on any particular policy approach in this regard. The P&RC strongly supports this KPMG Report recommendation, which will enable evidence based policy development.
- 4.81 **The Committee also concurs with this view and welcomes P&RC's encouragement to seek support from Treasury and Strategy & Policy in collating and analysing data to establish the current costs of government intervention related to the housing market and to estimate the economic and financial implications of possible policy interventions in the future. This work stream will inform the development of future housing policy and a Housing Strategy.**

5 Other Housing Policy Issues

- 5.1 Whilst the KPMG Report provides a useful baseline analysis of the private housing market the Committee considers that there are a number of other housing policy issues which need to be addressed to help develop a holistic Housing Strategy for Guernsey, as explained further below.

Rental Market

- 5.2 As noted by the P&RC, the KPMG report is focused almost entirely on owner occupiers in the private sector, and provides little analysis of the rental market which accounts for 28.2% of housing¹⁴. This is the second largest component of the housing market and provides accommodation for a significant proportion of Guernsey's lower-middle income households.
- 5.3 The Committee considers that, in order to develop robust, evidence based housing policy for the future and a comprehensive and holistic Housing Strategy, it is important to understand whether the current legislative framework provides adequate protection for both private tenants and private landlords, and whether there are areas where intervention might improve the functioning of the market.
- 5.4 The Committee considers that for a complete picture of government policy in relation to Guernsey's housing market, there is a need to also consider the private rental market e.g. standards, conditions, tenancy agreements, security of tenure, deposit protection schemes, how effective the Rent Control legislation currently is, all falling within the Committees' mandate

¹⁴ Guernsey Annual Housing Stock Bulletin March 2018

Quality of Housing

- 5.5 Whilst the 'Affordable Housing' priority in the P&R Plan requires that the provision of housing is of an "appropriate availability, quality and affordability" and further references are made to properties being of "a good standard and an appropriate size", housing standards generally are currently enforced across a variety of service areas (e.g. The Offices of the Committees for Health & Social Care, Education & Social Security, Home Affairs and the Environment & Infrastructure) with multiple pieces of legislation being used and a variety of standards/requirements being applied. The Committee also considers that more emphasis is required on energy efficiency when considering housing standards and quality and that the needs of residents with disabilities are included when assessing appropriate availability. This will have close associations with the Disability and Inclusion Strategy which has been approved by the States in 2013.
- 5.6 Whilst the Offices communicate and collaborate, a disparity of service delivery exists due to legislative restrictions. For example, the diversity of terms used to refer to properties occupied by multiple, discrete tenants, e.g. housing in multiple occupation, lodging house, boarding house etc., and the associated legal powers conveyed with these definitions mean that multiple service areas may inspect the same property concerned with similar issues (e.g. fire safety) but referring to different requirements and legislation. This is inefficient for the enforcing bodies, more costly for government and confusing and disproportionate for the property owners and occupiers and does not demonstrate joined up government.
- 5.7 The association between housing conditions and health and wellbeing are acknowledged globally^{15, 16} and locally¹⁷ with negative outcomes being associated with living in poor quality rented accommodation and/or poor housing conditions. Local data illustrate that major health inequalities associated with housing status exist locally, e.g. a much higher proportion of people on lower incomes or in rented housing smoke and report poor mental health and wellbeing^{18, 19}.

¹⁵ Marmot, M., Atkinson, T., Bell, J., Black, C., Broadfoot, P., Cumberlege, J., Diamond, I., Gilmore, I., Ham, C., Meacher, M., & Mulgan, G. (2010). *The Marmot Review: Fair Society, Healthy Lives. Strategic review of health inequalities in England post-2010*. London.

¹⁶ World Health Organization (WHO) (2011). *Environmental burden of disease associated with inadequate housing. A method guide to the quantification of health effects of selected housing risks in the WHO European Region*. Copenhagen: WHO Regional Office for Europe.

¹⁷ Bridgman, S. (2015). *115th Annual Bailiwick of Guernsey MOH Report for Year 2013/14. Special themes Public Health Surveillance, and Priority-Setting in Health and Social Care*. Guernsey: States of Guernsey.

¹⁸ Hughes, K., Gee, I., Ford, K., McHale, P., Prickett, L., Le Page, Y. & Bridgman, S. (2014). *The Sixth Guernsey Healthy Lifestyle Survey 2013*. Guernsey: States of Guernsey.

- 5.8 In order to ensure that a consistent and proportionate basic standard of housing quality is achieved across all ages and tenures of property it is proposed that new legislation is considered to introduce comprehensive housing quality standards and a regulatory framework which can facilitate the provision of a sustainable supply of good quality properties to the island.
- 5.9 There is opportunity to consider a singular legislative framework which could consolidate and modernise legal powers by providing proportionate provisions to regulate conditions across all housing on-Island and provide greater protection to tenants, landlords and property owners. The Committee recognises the importance of this work stream in its own right and is, therefore, proposing to submit a policy letter setting out proposals regarding how new legislation could support and sustain the provision of good quality housing on-Island. It is anticipated that this will be lodged in Q4 of 2018. The Committee also recognises that housing quality is an important part of developing a Housing Strategy and the results of this work stream will inform that strategy development.

Housing Strategy

- 5.10 The States approved a Housing Strategy and Corporate Housing Programme (CHP) in 2003 (Billet d'État II of 2003, Article 1). The CHP was designed to be a practical framework for implementing the States' Housing Strategy through coordinated action by the then States' departments, non-governmental organisations, voluntary groups and the private sector.
- 5.11 The principal objectives of the 2003 Housing Strategy are detailed in Appendix 6 to this Policy Letter. The work of the CHP was intrinsically linked to the States Strategic Plan, with a number of core values and social policy objectives being delivered through the Programme. However, this is now outdated, as the States Strategic Plan has been replaced by the Policy & Resource Plan (Billet d'État XII of 2017, Article 1).
- 5.12 Whilst many of the Strategy objectives remain relevant today, the Committee believes it is now essential to review and update the 2003 Housing Strategy, including a review of the functions of the GHA, so that it is informed by outcomes from the housing work streams proposed in this Policy Letter, as well those already in progress as part of the States Policy and Resource Plan, for example the SLAWS and Disability and Inclusion and Social Welfare. Together with the proposed evaluation of the current housing legislative framework and development of robust systems for evidence based data collection, the new

¹⁹ Johnson, S., Cataroche, J., Hinshaw, T. & Bridgman, S. (2010). *Guernsey emotional wellbeing survey 2010: A cross-sectional survey of mental wellbeing and common mental health disorders in Guernsey and Alderney*. Public Health and Strategy Directorate, HSSD, Guernsey.

Housing Strategy will set the States' direction for Housing policy, ensuring that provision and supply of housing, government interventions in the market, and plans for the future align with the changing needs of the population.

- 5.13 The Committee intends to establish a steering group, led by the Committee and with representation from other relevant Committees, to oversee the work streams set out in this Policy Letter to ensure progress and compatibility with other related work streams throughout the States and how the outcomes from the housing work streams will inform the development of the Housing Strategy.

6 Resources and Implementation

- 6.1 The tables below set out the work streams and Programme of Work arising from the recommendations in this Policy Letter. The work streams are split into two tables. The first table reflects the Programme of Works led and co-ordinated by the Committee (with key inputs from other Committees), which will provide evidence for and will inform the development of a Housing Strategy. The second table sets out other work streams, led by other Committees, which have been recommended through consideration of the KPMG Report and which will also provide information to support the development of Housing policy. The estimated timeframe as indicated is taken from when resources are in place to commence the work streams.²⁰

Programme of Works led and co-ordinated by the Committee for the Environment & Infrastructure.

Work stream	Lead Committee/s	Other Committee Involvement	Estimated timeframe
Development of a new Housing Strategy	CfE&I, CfE&SS	CfHSC, DPA, P&RC, GHA	2 years
Each of the individual work streams below will provide evidence and information for the development of the Housing Strategy			
Research and establishment of an appropriate housing data collection model and processes and monitoring and review of the Strategic Housing Indicators	CfE&I, P&RC	DPA	12 months
Analysis of key worker housing requirements including establishing up to date definitions and analysis of costs and benefits of provision	CfE&I,	All Committees who require to house key workers, also CfE&SS, GHA	6 months

²⁰ The Committee considers that two additional policy officers will be required for a maximum of two years and will request that provision is made for the prioritisation of these resource requirements through the 2019 Budget Report

		and private sector as providers	
Development of a Key Worker Housing Strategy	CfE&I.	All Committees who require to house key workers, DPA, also CfE&SS, GHA and private sector as providers	12 months
Development of an elderly tenure strategy including assessment of specialised housing and extra care housing requirements	CfE&I, CfHSC, CfE&SS	P&RC, DPA	12 months
Review of current Partial Ownership Scheme	CfE&SS	CfE&I, GHA	6 months
Analysis of current and future cost of government intervention in the Housing Market and the economic and financial implications of possible policy interventions including assessment of the impacts of a deposit guarantee scheme for FTB's	CfE&I, P&RC	CfED	6 months
Analysis and assessment of the private rental market including adequacy of legislative protection for tenants and landlords	CfE&I		12 months
Analysis of the legislative framework and processes governing housing quality standards and how legislation can support the provision of good quality housing	CfE&I,	CfHA, CfE&SS, CfHSC	Policy letter Q4 2018

Work streams led by other Committees

Work stream	Lead Committee/s	Other Committee Involvement	Estimated timeframe
Review of the 2014 analysis of the reduction in Document Duty for FTB's, Review of the Conveyancing Court and Bond fees	P&RC	CfE&I	To be determined by P&RC
Consider establishing a working party to regularly monitor the	CfED	CfE&I, P&RC	6 months

mortgage market and processes to share information between Committees.			
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- 6.2 Following the implementation of the States Review Committee's recommendations for the reform of the machinery of government in May 2016, the responsibility for general housing policy was transferred to the Committee however no policy resources were allocated to the Committee to specifically address the area of general housing policy. The Committee considers that this significant policy area is critical to the delivery of the outcomes identified in phase one of the Policy & Resource Plan and delivery of the States identified priorities as well as the Committee's mandate.
- 6.3 The Committee currently has access to a very limited policy resource. At the same time it is responsible for delivering significant and wide ranging areas of policy which have been identified as falling within the 23 States priorities these being Energy Policy, Housing Policy, Long-term Infrastructure Investment, and Maritime Strategy (International Instruments) as well as contributing to policy development under Air and Sea links and Seafront Enhancement. The Committee has examined the work being carried out to deliver other areas of its mandate and has concluded that there is no staff policy skills resource which is available to be diverted to delivery of the identified housing policy work streams in the first table even if other work streams, which are not themselves States priority areas, are curtailed.
- 6.4 In view of the above, the Committee considers that two additional policy officers would be required for a maximum of two years dedicated specifically to the delivery of the work streams identified above in the first table. In setting out the resources necessary to develop and deliver the work streams the Committee has applied the principles of the Public Sector Reform Programme which identifies that removing departmental boundaries is crucial and the Committee would like to be able to draw on policy skills and resources across the public sector to make the most of resources, add most value and deliver this States policy priority. However it is aware that such resources may not be available and therefore it has requested that provision is made for the prioritisation of these resource requirements through the 2019 Budget Report to cover the duration of the project. The CfE&SS has written to the Committee confirming it recognises the importance of the work streams being properly resourced in order that they can be progressed, should the States approve the propositions contained in the Policy Letter and it therefore agrees that a bid for such resources should be made through the 2019 Budget process. A copy of the letter from CfE&SS is provided in Appendix 7.

7 Consultation, Joint Working and Policy Context

- 7.1 Further in accordance with Rule 4(5), it is confirmed that the propositions relate to general housing policy responsibilities of the CfE&I. Section 3 provides the context to show how the Propositions contribute to the States' objectives and the Policy & Resource Plan.
- 7.2 In accordance with Rule 4(5) the preparation and agreement of the propositions and content of the Policy Letter has involved joint working between the Committee, and CfE&SS and consultation with CfED and P&RC. The CfE&SS has written to the Committee confirming that, whilst it is not fully supportive of some aspects of the KPMG Report, it supports the Policy Letter and the Propositions and believes that the development of a new housing strategy and progression of the programme of works are critical to the delivery of the outcomes identified throughout the Policy & Resource Plan. A copy of the letter from CfE&SS is provided in Appendix 7.
- 7.3 The Law Officers of the Crown have been consulted on the contents of this Policy Letter.

8 Compliance with Rule 4 of the Rules of Procedure

- 8.1 Through the drafting of this Policy Letter, the Committee has consulted with the CfED, P&RC and CfE&SS.
- 8.2 The Committee has consulted with the Law Officers regarding the legal implications and legislative drafting requirements resulting from the propositions set out in this Policy Letter.
- 8.3 The Committee has set out its proposals for the approach to formulating medium term future housing policy, including the various work streams which will inform the policy approach, throughout this Policy Letter, and seeks the States support for the propositions, which are based on the Committee's purpose:
- "To protect and enhance the natural and physical environment and develop infrastructure in ways which are balanced and sustainable in order that present and future generations can live in a community which is clean, vibrant and prosperous."
- 8.4 In particular, the propositions are aligned with the priorities and policies set out in the Committee's Policy Plan, which was approved by the States in

June 2017 (Billet d'État XII, Article 1). The Committee's Policy Plan is aligned with the States objectives and the Policy and Resource Plan.

- 8.5 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions have the unanimous support of the Committee. It should be noted that Deputy Mark Dorey has not taken part in any discussions or decisions in relation to this Policy Letter with regard to the private rental market.

Yours faithfully

B L Brehaut

President

M H Dorey

Vice-President

S L Langlois

H L de Sausmarez

S T Hansmann Rouxel

APPENDIX 1

“Guernsey Housing Market Review “(the KPMG Report)

Please see separate PDF document

Definitions of different types of housing

- **Affordable Housing** – as defined in The Land Planning and Development (Planning Covenants) Ordinance, 2011 :

“Affordable Housing” means –

- a) Social housing provided for persons on low incomes, and
- b) Intermediate housing.

In the Ordinance **Social Housing** is defined as dwellings owned or controlled by the Housing Department, the GHA or any other person or legal arrangement which is offered to persons on low incomes or with other needs identified by the Housing Department-

- a) Whose housing needs, as identified by the Housing Department, are not met by the private sale or rental market for dwellings, and
- b) Who meet the criteria set, from time to time, by the Housing Dept., the GHA or other person or legal arrangement, as the case may be, for the occupation of such dwellings.

In the Ordinance **Intermediate Housing** is defined as dwellings owned or controlled by the Housing Dept., the GHA or any other person or legal arrangement which are offered-

- a) to persons whose housing needs, as identified by the Housing Dept., are not met by the private sale or rental market for dwellings,
- b) on a basis which may include provision for part ownership, part share of equity or low cost ownership or similar scheme (however named), and
- c) to persons who meet the criteria set, from time to time, by the Housing Dept., GHA or other person or legal arrangement, as the case may be, for the occupation of such dwellings.

- **Sheltered Housing** – ‘Supported housing’ and ‘sheltered housing’ are used interchangeably throughout the KPMG Report. The term to be used is ‘sheltered housing’. Sheltered housing is not solely for older people/retirement housing – it is non-age specific for people with some basic support requirements such as access to a warden (on or off site). Please see: The Land Planning and Development (Use Classes) Ordinance, 2017 where it states:

Residential use class 3: sheltered housing

Use of one of a group of dwellings affording facilities and support services especially suited to the needs of older, disabled or other persons with particular needs (including the on-call assistance of a warden) as a permanent residence for -

- (a) a person living alone who, or

(b) two persons living together of whom at least one, requires access to those facilities because of their disability or other particular needs.

Sheltered Housing is not Affordable Housing unless the States has identified a specific need for its provision.

Residential use class 4: specialised housing

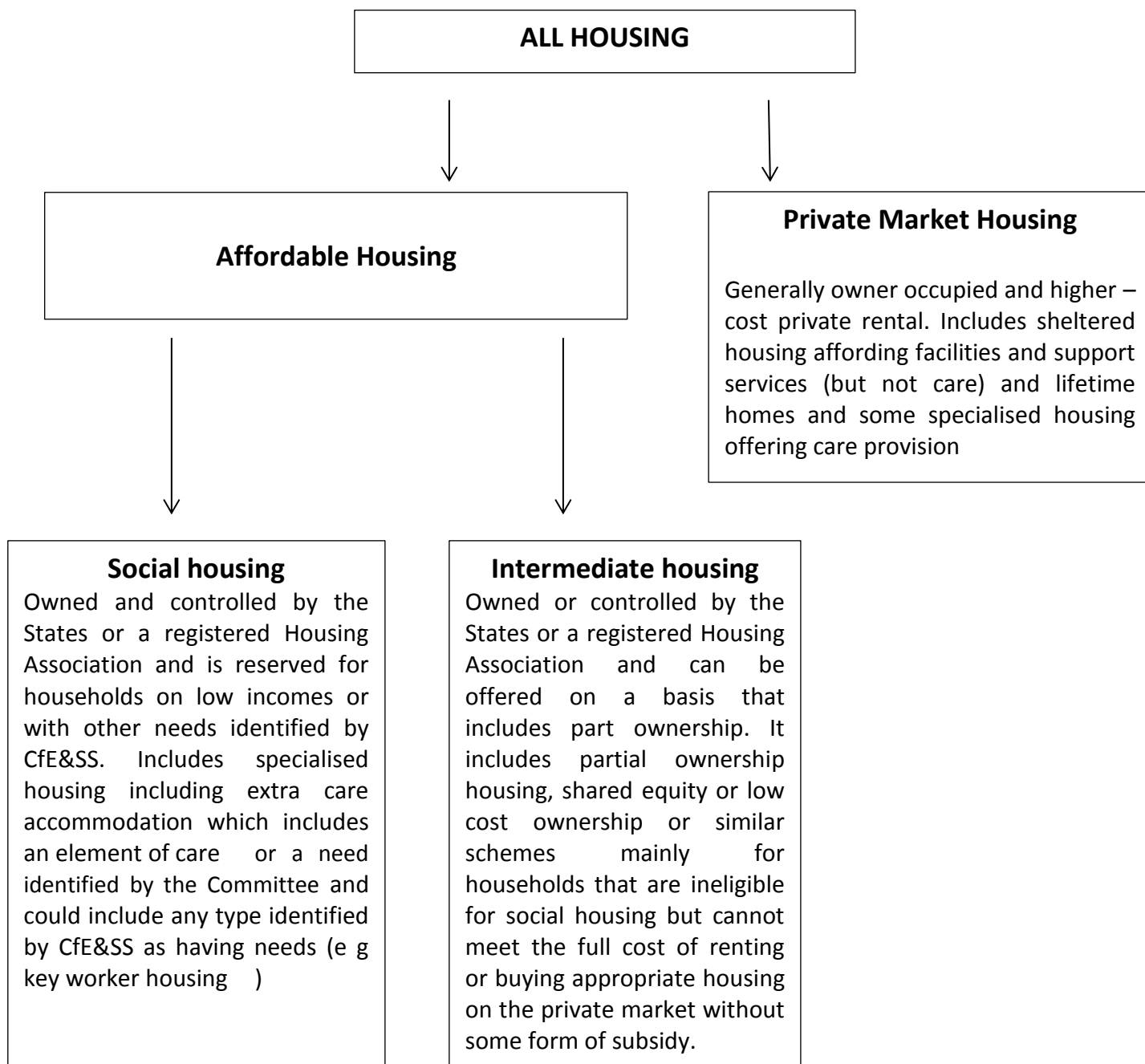
Use of a dwelling for the provision of accommodation and care, including use as a nursing home or residential home where staff provide care on-site, other than –

- (a) a use falling within use class 3 or 5, or
- (b) use as a hospital.

"**care**" means personal care for people in need of such care by reason of age, disablement, past or present dependence on alcohol or drugs, or past or present mental disorder.

Specialised Housing can be provided by the private market or under Affordable Housing.

Please see the diagram on the following page for a summary:



APPENDIX 3

Consultation response from the P&RC.

Please see separate PDF document

APPENDIX 4

Consultation response from the CfED

Please see separate PDF document

APPENDIX 5

Consultation response from the GHA

Please see separate PDF document

APPENDIX 6

Extract from States Advisory and Finance Committee Policy Letter entitled: The Development of a Housing Strategy and Corporate Housing Programme (Billet d'État XIV of 2013, Article 1)

The Principal Objectives of the Housing Strategy, 2003

The objectives are:

- To ensure that all persons legally resident in Guernsey have access to housing accommodation to meet their reasonable needs.
- To meet housing needs in a sustainable manner in the long term interests of the community as a whole, making prudent use of all resources and recognising that investment in housing must be prioritised and compatible with strategic policies and the wider programme of public expenditure approved by the States.
- To ensure that there are measures in place to limit any growth in population through immigration in order to manage housing demand in accordance with the principles of sustainability.
- To provide the community with a range of housing options, acknowledging that while home ownership has historically been the preferred means of meeting housing needs, good quality, fairly priced housing may be provided across the housing market by other means and through a variety or mix of agencies - public, private and voluntary.
- To enable housing to be provided for those financially unable to enter the private housing market, either to purchase or rent, through a range of housing measures attuned to meeting their specific housing needs including social rented housing, partial ownership schemes etc.
- To enable the provision of supported accommodation for persons with special housing needs including accommodation for older persons, young people, persons with a learning disability, persons with a mental illness, ex-offenders etc.
- To maintain and improve the quality of housing in Guernsey across all sectors bearing in mind the impact of housing conditions on the health and well-being of the community.

APPENDIX 7

Letter from the Committee *for* Employment & Social Security to the Committee *for the* Environment & Infrastructure.

Please see separate PDF document



Committee *for the*
Environment & Infrastructure

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR THE* ENVIRONMENT & INFRASTRUCTURE

LOCAL MARKET HOUSING REVIEW AND DEVELOPMENT OF FUTURE HOUSING STRATEGY

The President
Policy & Resources Committee
Sir Charles Frossard House
La Charroterie
St Peter Port

11th June, 2018

Dear Sir,

Preferred date for consideration by the States of Deliberation

In accordance with Rule 4(2) of the Rules of Procedure of the States of Deliberation and their Committees, the Committee *for the* Environment & Infrastructure requests that the Policy Letter “Local Market Housing Review and Development of Future Housing Strategy” be considered at the States' meeting to be held on 18 July, 2018.

This request is made in view of the fact that the budget allocation process for 2019 will be well underway before the next available meeting of the States of Deliberation in September. The Committee is seeking confirmation from the States of Deliberation with regard to its commitment to the development of a Housing Strategy and the Programme of Works such that detailed planning can be undertaken over the summer months that will enable work to commence in a timely fashion should resources be allocated in the 2019 budget.

Further, the KPMG report was first published in August 2017, and the Committee is aware that the public and stakeholders are awaiting debate and decision by the States of Deliberation.

Yours faithfully,

B L Brehaut

President

M H Dorey

Vice-President

S L Langlois

H L de Sausmarez

S T Hansmann Rouxel