

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE FOR THE ENVIRONMENT & INFRASTRUCTURE

THE STATES STRATEGIC HOUSING INDICATOR, 2023-2027

The States are asked to decide:-

Whether, after consideration of the Policy Letter entitled 'The States Strategic Housing Indicator, 2023-2027' dated 05 January 2023, they are of the opinion:-

1. To agree the States Strategic Housing Indicator be set at creating 1,565 new units of accommodation between 2023 and 2027, with a plus or minus variance of 157 new units (10%) to give the flexibility to react to market changes, equating to an annual average of 313 additional units of accommodation; the total SSHI being made up of:
 - a. a Private Market Housing Indicator set at creating 844 units of private market accommodation over the next 5 years, with a plus or minus variance of 84 new units, equating to an annual average of 169 additional units of accommodation; and
 - b. an Affordable Housing Indicator set at creating 721 units of Affordable Housing over the next 5 years, comprising 473 in the Social Rental Housing tenure and 248 in the Partial Ownership Housing tenure, with a plus or minus variance of 72 new units, equating to an annual average of 144 units;
2. To agree that the indicators for property size within the Private Market Indicator be established based on a percentage split of bedroom requirements of 85% current profile, 10% maximum profile and 5% intermediate profile;
3. To agree that the property size indicators within the Social Rental Housing tenure be based on a percentage split of bedroom requirements of 90% minimum profile and 10% maximum profile;
4. To agree that the property size indicators within the Partial Ownership Housing tenure be established based on a percentage split of bedroom requirements of 70% intermediate profile and 30% maximum profile;
5. To agree that the housing needs model be run every year for monitoring

purposes, unless required sooner, and that these findings be published;

6. To agree that, should the Island's modelled housing needs change to such an extent that they go beyond the tolerances set out in Proposition 1, they will be returned to the States of Deliberation for endorsement of a revised States Strategic Housing Indicator;
7. To agree that, unless a reason is identified for reporting sooner by either the States of Deliberation or the Committee *for the* Environment & Infrastructure, the next formal States Strategic Housing Indicator update to the States of Deliberation will be during 2027 to set an Indicator for the period 2028-2032;
8. To direct that all Committees of the States of Deliberation when laying policy letters before the Assembly, if relevant, should consult with the relevant housing or analysis teams to assess therein any consequential impact on the Island's housing need together with, where appropriate, proposing adaptation and mitigation actions;
9. To direct the Development & Planning Authority to take into account the indicators in Proposition 1 in the review of the housing land supply and to give consideration to how planning policies will be used to actively encourage housing developments to use land as efficiently as possible; and
10. To direct the Committee *for* Employment & Social Security, in its planning of the Affordable Housing Development Programme, to take account of the projected unit profile required for both the Social Rental and Partial Ownership tenures.

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

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ISLAND OF GUERNSEY

COMMITTEE *FOR THE ENVIRONMENT & INFRASTRUCTURE*

THE STATES STRATEGIC HOUSING INDICATOR, 2023-2027

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

05 January 2023

Dear Sir

1 Executive Summary

- 1.1 The States Strategic Housing Indicator (“SSH I”) is a States-agreed figure which sets out the total number of additional accommodation units that should be created each year if Guernsey is to meet its housing need. It describes the accommodation units required to appropriately house newly forming households and meet the needs of already established households currently without appropriate housing¹. The SSH I and other key terms are defined in a Glossary of Terms in Appendix I.
- 1.2 The SSH I informs fundamental elements of the States of Guernsey’s infrastructure, housing and planning policies, particularly policies relating to land supply for domestic property and the development of additional Affordable Housing units. The current SSH I was agreed by the States of Deliberation in July 2018, as part of the debate on the Local Market Housing Review and the development of a future housing strategy². The SSH I was set at an annual average of only 127 new units a year.
- 1.3 To ensure the SSH I remains an effective foundation for States policy, it needs to be updated to reflect the latest population and household data. The Committee *for the Environment & Infrastructure* has led an evidence-based assessment of the Island’s housing need to inform the proposal of a new SSH I. For the first time, the assessment has used an in-house housing needs model developed for use in the Guernsey context. The model has been used to project accommodation

¹ Appropriate housing is accommodation that is affordable, secure, and adequate for the residing household.

² Billet d’État XIX of 2018 and Resolutions.

requirements by tenure (private market or Affordable Housing) and by property size (in terms of the number of bedrooms needed) based on the proposed bedroom allocation policies for each tenure.

- 1.4 The model was designed to focus on 'housing need' rather than 'housing demand'. In the context of this Policy Letter, 'housing need' refers to the overall accommodation shortfall generated by households currently without appropriate housing or which are projected to be without appropriate housing in the future. 'Housing demand', however, represents a measure of market activity alone. It is the type and size of housing wanted by, and affordable to, households seeking new accommodation. It does not necessarily reflect all the need in the population or correlate with households' requirements to be considered appropriately housed.
- 1.5 The limited land and building resources in Guernsey necessitate efficient use of space and existing housing. Housing need, therefore, forms the foundation of the proposed SSHI, helping to ensure that there is capacity to meet the basic housing needs of all households. The Committee *for the Environment & Infrastructure*, however, recognises that housing demand is an important market force and, should a degree of demand not be met, Guernsey may not be a desirable place to live. Demand is incorporated into the SSHI by using current housing behaviours to inform the distribution of property sizes in the Indicator and reflected in the flexible approach to the SSHI application. The total SSHI and the property size distribution will be used to inform rather than dictate development, to allow developers to respond to market conditions and enable development to support households which have more complex or exceptional needs.
- 1.6 The housing needs model projects that 1,565 additional accommodation units will be required between now and the end of 2027, based on a fertility rate of 1.5 and a net annual migration rate of +300. This equates to an annual housing need of 313 units each year over the next five years. When a range of plus and minus 10% is included to support the flexibility needed to react to market changes, the recommended SSHI is 1,409-1,722 new housing units between 2023 and 2027.
- 1.7 The proposed SSHI is 186 units per year higher than the current SSHI. By setting the SSHI at this level, it will support efforts to increase housing supply and help to address the housing issues being experienced across the housing market.
- 1.8 Increasing housing supply also provides an opportunity to deliver the size of property needed to encourage right-sizing and open up currently underoccupied houses (houses with more bedrooms than the household requires) for new or

growing families. It also provides the opportunity to increase the supply of houses at a size required for first time buyers.

- 1.9 Within this headline SSHI of 1,565 additional units, the recommended Private Market Indicator is 844 units of private market accommodation over the next five years, with a plus or minus variance of 84 new units, equating to an annual average of 169 additional units.
- 1.10 Property size in the SSHI has been estimated based on the number of bedrooms. When calculating bedroom numbers needed in the private market, the model has applied a mixed bedroom allocation policy. 85% of households have had bedrooms allocated based on the current behaviour profile (this profile is based on the population's current housing behaviours, incorporating the present demand patterns for homes with greater numbers of bedrooms), 10% of households have had bedrooms allocated based on the maximum profile (households are allocated a bedroom per person/couple and a spare bedroom) and 5% was based on the intermediate profile (households are allocated a bedroom per person/couple but no spare bedroom).
- 1.11 This has resulted in a projected requirement for 62 one-bedroom properties, 716 two-bedroom properties, 53 three-bedroom properties and 13 four-bedroom properties.
- 1.12 The selection of the profile mix to apply for the Private Market Indicator has required detailed consideration due to the sensitivity needed to balance the free market behaviours of private market owners and renters (represented in the current profile), the viability of developments for developers, and the efficiency of land use for housing development on the Island.
- 1.13 The housing market assessment that has been undertaken as part of this modelling process has highlighted the mismatch of property sizes in the private market compared to the actual household sizes living in them. The private market shows a significant degree of underoccupancy, particularly in larger properties and amongst pensioner households. In many cases this will reflect the demand of the residents; however, it has a knock-on impact on the rest of the private housing market by preventing some households in need of three/four-bed properties from being able to access suitable accommodation because it is already occupied by current under-occupying residents.
- 1.14 The mismatch issue has to be balanced against people's demands and personal choice. For a variety of reasons, households in the private market want to live, or continue to live, in properties that are larger than their assessed housing need. This is not, however, the case for all and a lack of suitably sized properties

prevents market movement which would more efficiently utilise the Island's private market housing stock.

- 1.15 If 100% of the current profile was to be applied for the Private Market Indicator, it would maintain the current pattern of significant underoccupancy and would continue to restrict the ability of some Islanders to meet their housing need. This is likely to lead to further strategic housing problems in the future, with land supply depleted because, in general terms, underoccupied homes require much more land to house a given population, and the Island's private housing stock would continue to be dissociated from its housing need requirements.
- 1.16 To make a small step towards a more efficient use of land and encouraging the development of properties that more closely match private households' housing need in the private market, the Committee is not recommending adopting a 100% current profile bedroom allocation policy within the private housing market. Instead, it is seeking to encourage the start of a shift in behaviour by recommending a small percentage of private housing provision be based on 10% maximum profile (households are allocated a bedroom per person/couple and a spare bedroom) and 5% intermediate profile (households are allocated a bedroom per person/couple but no spare bedroom). This is designed to enable and encourage households to right-size where desired, encouraging more efficient use of the Island's housing stock, without pushing for an unrealistic degree of behavioural change.
- 1.17 In setting this move away from 100% current profile, the Committee acknowledges that any shift to right-size is reliant on a change in behaviour and also on developers deciding that these unit sizes are viable enough to develop. So, while this profile split for the private housing market seeks to encourage some change, the Committee acknowledges that market forces and developers' decision-making continue to play a significant role.
- 1.18 Affordable Housing exists outside of the private market and is reserved for people who cannot meet their accommodation needs without a form of subsidy. The Affordable Housing Indicator, currently consisting of the accommodation needed in the Social Rental Housing and Partial Ownership Housing tenures, is recommended to be set at 721 units between 2023 and 2027, with a plus or minus variance of 72 new units. This equates to an annual average of 144 units over the 5 year period. The Indicator comprises 473 in the Social Rental Housing tenure and 248 in the Partial Ownership Housing tenure.
- 1.19 The property size distribution for Social Rental Housing, which is housing rented below market rates to households on low incomes or with other needs defined by the Committee *for* Employment & Social Security, has been established based on a bedroom allocation policy where 90% of households are allocated

bedrooms based on the minimum bedroom profile (which includes shared bedrooms for children of certain ages/gender and no spare bedrooms) and 10% at the maximum profile. This profile split supports the efficient housing use required by the Affordable Housing Eligibility and Allocations Policy³ whilst providing the flexibility to cater for households with more complex living arrangements which require a spare bedroom, such as those in need of sleep-in carers or with shared custody arrangements. The split was based on an assessment of current Social Rental applicants with additional accommodation needs.

- 1.20 The proposed property sizes for Partial Ownership Housing, (housing sold on a part-ownership basis to households which would not be able to afford the full cost of home ownership in the private market), have been established based on a percentage split of 70% of households having bedrooms allocated under the intermediate profile and 30% under the maximum profile. By using a combination of intermediate and maximum profiles, the property size distribution reflects the more aspirational nature of Partial Ownership Housing whilst still representing a more efficient use of housing stock than seen in the private market.
- 1.21 At this stage, the model's output does not include the specific requirements for Key Worker Housing (housing reserved for off-island recruited essential public workers) or Specialised Housing (housing where a degree of support or care is provided to allow residents to live as independently as possible). Detailed modelling will take place for these tenures at a later date, informed by the States' decisions on key worker, market intervention and elderly tenure strategies and policies⁴. Without a confirmed policy position, a specific indicator for these areas would risk ill-informed and unsuitable development in what are relatively small tenures.
- 1.22 It is important to emphasise that the SSHI figures proposed for each tenure are not a government 'target'. Government can strongly influence the delivery of the Affordable Housing Indicator through allocating funding for the Affordable Housing Development Programme and the management of the delivery of these units through its work with the Guernsey Housing Association. However, delivery of the required number of units in the private market is influenced by factors outside of government's control: the States cannot control the implementation of planning permissions in the private market or control what planning applications are made. Developers' decisions, and the viability of individual proposals, are generally influenced by specific site conditions and external matters such as finance availability and conditions, the capacity of the construction industry, site specifics and personal choice. The application of the

³ Social Housing - Allocations and Eligibility Policy

⁴ Prioritised as part of the Government Work Plan 2022, Billet d'État X, 2022

SSHI, therefore, has to be flexible to allow developers to respond to the opportunities available.

- 1.23 Should circumstances change significantly, the SSHI itself will need to respond. The housing needs model has been designed to enable a consistent and replicable assessment of housing need. It can be easily amended in-house to reflect different development timelines or assumptions and can be used to monitor the SSHI and test its ongoing relevance. Given the current pressures on local housing, the model will continue to have a role beyond setting the SSHI. It will enable the States to assess the impact of different policy options on the Island's housing needs and plan appropriate adaptation and mitigation options.
- 1.24 It is proposed that the housing needs model be used as the basis for the next five-year SSHI review and to inform a light-touch review of the SSHI figures each year. This will ensure the States has an ongoing understanding of housing need. The operation of the model will require the involvement of appropriately skilled resource; however, it is anticipated that this can be delivered using current staff and budgets and this Policy Letter does not seek any additional funding.

2 Introduction – What is the States Strategic Housing Indicator?

- 2.1 Land is a scarce and finite resource in Guernsey. If the Island is to develop in a sustainable way, housing development must be targeted towards the population's housing need.
- 2.2 The SSHI is a tool through which the States understands and defines the Island's housing need. It is a States-agreed figure that sets out the total number of additional accommodation units that should be created each year if Guernsey's residents are all to be appropriately housed.

Housing Need vs Housing Demand

- 2.3 At this point, it is important to distinguish the difference between 'housing need' and 'housing demand'⁵, and how this relates to the SSHI.
- 2.4 In this context, 'housing need' is based on the cumulative housing requirement of all the households which are currently without appropriate accommodation (housing which is affordable, adequate, and secure) or which will be without appropriate accommodation in the future (i.e. newly arising households such as those created through population increase, newly forming couples and the

⁵ Whilst there is no set definition of housing need and housing demand, the description adopted in this Policy Letter is consistent with that used by the UK Government.

division of existing family groups). Housing need is therefore the shortfall in housing units required for all households to live in accommodation that meets their essential needs.

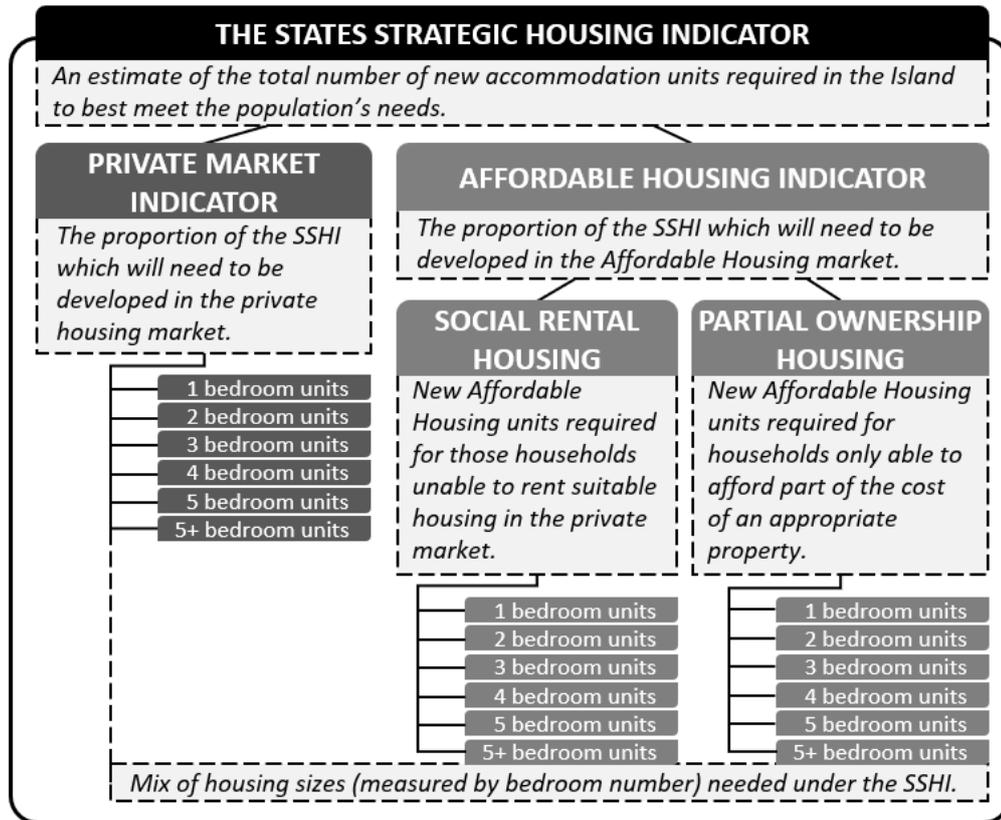
- 2.5 'Housing demand' is critically different to housing need and represents the type and size of housing being sought in the market. It describes what households will choose to occupy based on preference and ability to pay and does not necessarily correlate with households' essential requirements. It places a greater emphasis on preference (and ability to buy) than necessity. Many households will take up more housing space than they 'need', if they can afford to, for example, by living in a house with multiple spare bedrooms or buying a second home.
- 2.6 The States establishes an SSHI to inform housing, land and planning policy. It has to reflect the requirements of all Guernsey's households and support efficient and sustainable land use. As such, the SSHI focuses on housing need.
- 2.7 The Committee *for the* Environment & Infrastructure, however, recognises that housing demand is an important market force and, should demand not be considered, Guernsey may not be a desirable place to live. Demand is incorporated into the SSHI through the use of current housing behaviours to inform the required distribution of property sizes. Demand also informs the application of the SSHI, which will be flexible enough to allow developers to respond to market conditions.

The Components of the SSHI

- 2.8 As demonstrated in Figure 2.1, the SSHI can be broken down by tenure and by property size. The headline SSHI figure is subdivided into a Private Market Indicator and an Affordable Housing Indicator, with the Affordable Housing Indicator further categorised into Social Rental Housing and Partial Ownership Housing⁶. Each tenure can also be split by the projected number of bedrooms needed per unit of accommodation.

⁶ The separation of the SSHI into two sub-components was first done in 2018 - Local Market Housing Review and Development of Future Housing Strategy, Billet d'État XIX, 2018

2.9 Figure 2.1: SSHI Components



2.10 The private market comprises owner-occupied and private rented accommodation. The Private Market Indicator includes the number of units needed for both accommodation types.

2.11 The legal definition of 'Affordable Housing'⁷ defines it as specific accommodation owned and/or managed by the States of Guernsey or the Guernsey Housing Association ("GHA") reserved for people who cannot meet their needs in the private market. The proposed Affordable Housing Indicator comprises 'Social Rental Housing' which is allocated to households on low incomes (or with other needs identified by the Committee for Employment & Social Security) and 'Partial Ownership Housing' which is offered on a part-ownership basis to buyers who are able to contribute some of the funding required to purchase a property but would not be able to afford the cost of purchasing an appropriate house outright on the private market without such subsidy.

2.12 Affordable Housing also includes 'Key Worker Housing', which is reserved for essential public sector staff recruited from off-island, and 'Specialised Housing', which is housing where support and/or care services are provided to help residents to live as independently as possible. The housing needs for Key Worker

⁷ Guernsey's Land Planning and Development (Planning Covenants) Ordinance, 2011

Housing and Specialised Housing were not included in the 2018 Affordable Housing Indicator and have not yet been developed sufficiently to be included as an individual category in the breakdown of the Affordable Housing Indicator presented in this report. The modelling of the SSHI has excluded households that have been identified as residing in units of Key Worker accommodation⁸ and Specialised Housing properties. Once these dedicated tenures are included in the model, there is the potential for the overall SSHI to increase, which will be represented through an increase to the Affordable Housing Indicator component of the SSHI. Although this is expected to be minimal due to the number of households involved, they will each form an important sub-category tenure of the Affordable Housing Indicator alongside the individualised social rental and partial ownership tenure requirements.

The Use of the SSHI

- 2.13 The States uses the SSHI and its component indicators as a guide to the volume and type of housing development needed in the Island, not as a performance target.
- 2.14 Under current legislation and policy, Government cannot compel private market development proposals to come forward or, once planning permission is granted, specify which sites developers choose to progress and when. The SSHI is designed to inform developers, not constrain them. Developers will still have freedom to determine when a site is to be developed and, crucially, will only do that when they determine the site to be suitably viable.
- 2.15 In contrast, Government has more control over the delivery of the projected Affordable Housing units needed. It has control over funding allocations to support the site acquisition and development costs of the Affordable Housing Development Programme currently delivered by the Guernsey Housing Association. As a result, Government is significantly more accountable for the delivery of this component of the overall SSHI.
- 2.16 Various States bodies draw on the SSHI to understand housing need, to inform spatial planning and population policy and to help determine housing land supply requirements. It is an evidence-based information tool on the Island's projected housing needs and helps establish an environment for housing development to be aligned with the population's housing need, but with the flexibility to respond to changes in market conditions.

⁸ This is a mix of States of Guernsey owned staff accommodation, GHA owned dedicated key worker accommodation and some private rental units used by the Key Worker Accommodation Team to house off-island recruited key workers.

- 2.17 Presently, the SSHI is set at creating 635 new units of accommodation between 2017 and 2021, plus or minus 149 units. This equates to an annual average of 127 new units a year (+/- 30 units). As part of the current SSHI, the Private Market Indicator is set at requiring 91 units of accommodation per year and the Affordable Housing Indicator at 36 units per year.
- 2.18 The current SSHI is based on data from a housing needs study finalised in 2017. If the SSHI is to continue to provide an effective foundation for States policy, it needs to be updated to reflect the latest population data, more recent decisions of the States Assembly, and the position of today's housing market and housing needs.
- 2.19 To update the SSHI, the Committee *for the Environment & Infrastructure* established the 'States Strategic Housing Indicator Project' ("the SSHI Project"), which was subsequently prioritised for completion in 2022 as part of the Government Work Plan⁹. The SSHI Project was launched with three key aims:
- 1) Design a robust modelling process for projecting housing need in Guernsey,
 - 2) Model the Island's housing need for the period 2022-2026¹⁰, and
 - 3) Use the projected housing need estimates to recommend a realistic SSHI for the Island.
- 2.20 The remainder of this Policy Letter presents the results of the SSHI Project and the next steps needed. It seeks the States' endorsement for the recommended headline SSHI and SSHI components, as well as for the resources necessary to monitor the Indicator going forward to ensure it can respond to changes in population need or circumstance.

3 Design of the Modelling Process – How has housing need been identified?

Past Studies of Housing Need

- 3.1 The first States Strategic Housing Target (the predecessor to the SSHI) was established in 2002. Since then, the States has been under Resolution¹¹ to undertake a form of housing needs study at least every 5 years. This comprehensive assessment of housing need has been used to inform and make recommendations to the States of Deliberation on the SSHI. Figure 3.1 sets out the results of previous housing needs studies and the respective indicators agreed by the States.

⁹ Government Work Plan 2022, Billet d'État X, 2022

¹⁰ This has since been adjusted to 2023 – 2027, so the most up to date data can be modelled.

¹¹ States Housing Authority "Survey of Guernsey's Housing Needs", Billet d'État IX, 2002

3.2 Figure 3.1: States Strategic Housing Indicators Set Since 2002

		States Decision:
2000	The States agreed to conduct the first study of housing need	
2001	An external consultant assessed housing need using a survey issued to all Guernsey households. The survey explored each household's current housing situation and the requirements of anyone planning to change their housing. The assessment estimated a requirement of 179 units a year.	300 units a year
2002	The States were recommended to adopt an indicator of 300 units a year to address existing mismatches.	
2006	Housing need was again assessed by an external consultant, this time based on interviews conducted with a sample of the population. The assessment estimated a requirement of 340 units a year. The States were recommended to maintain the existing 300 units a year indicator.	300 units a year
2007		
2011	Housing need was assessed via a 'Housing Market Model' which compared the number of homes available to the number of households looking for somewhere to live. The assessment estimated a requirement of 451 units a year.	
2015	The States were recommended to maintain the 300 units a year indicator based on the 2011 assessment. The States rejected the recommendation and the Housing Department were directed to undertake a further objective assessment.	Rejected
2016	KPMG was commissioned to model housing requirements. They took the number of local market homes in 2014 from the 2014 census data and considered the impact of population change, demographics and migration. The SSHI was split into a private market housing requirement and an Affordable Housing requirement. It was recommended that the SSHI be set at 139-199 units a year.	
2018	It was agreed that the SSHI be based on the recommendations of KPMG but expressed as a median requirement with a plus or minus variance to allow the SSHI to react to market changes. An Affordable Housing Indicator and Private Market Indicator were also agreed.	127 (+/- 30) units a year.

3.3 As can be seen in Figure 3.1, a range of different processes have been used to help assess Guernsey's housing need, from whole-population surveys to census-based modelling. As a result, the approach to date has lacked consistency. Furthermore, each past study has been designed as a one-off evaluation, with no plans for monitoring or replicating the assessment to ensure that the SSHI remains relevant throughout the five-year timeframe or to inform a future SSHI.

3.4 Without the capacity for ongoing review, previous indicators have risked becoming misaligned from population needs over the five-year period in which they apply. The indicators have not been able to incorporate any policy changes introduced by the States, nor have they had the capacity to be updated to reflect

the most recent population data outside of the usual five-year review cycle.

- 3.5 The one-off approach to the SSHI has primarily come about as a consequence of relying on external consultants to produce each housing need assessment. As well as preventing rolling review and update, this approach has limited how thoroughly the States has been able to explore and interrogate the results and has come at a relatively high cost to the organisation.
- 3.6 The use of external consultants also divorced the modelling process from the development of the SSHI recommendation, for which there is no particular methodology. The responsible States Committee (presently the Committee *for the Environment & Infrastructure*, previously the Housing Department) considered broader elements, such as the availability of finance, capacity of the building trade and the Island's economy, following the housing needs study to convert the modelled housing requirements into a realistic recommendation. This has often resulted in differences between the assessment results and the final SSHI agreed by the States, based on no set adjustment methodology.
- 3.7 Some previous housing assessments have also struggled to differentiate between housing need and housing demand, particularly where the study has incorporated public surveys or interviews as part of its methodology. If not considered carefully, the inclusion of wider housing demand can have the effect of unduly increasing the estimated housing requirement, furthering the risk of unnecessary over-development and inefficient use of the Island's housing stock and finite land supply in the long-term.
- 3.8 Acknowledging the issues encountered when setting previous indicators, the SSHI Project sought to develop a new approach going forward. It explored the possibility of developing an in-house, Guernsey specific, housing needs model for assessing local housing need. It was recognised that, by managing the methodology and operation in-house, housing need studies would become more consistent, could be carried out more frequently, and would have the ability to be adapted to account for evolving policy (such as the Population and Immigration Policy Review).

Best Practice for a Housing Needs Model

- 3.9 To establish an in-house model required a cross-service team with access to expertise in housing policy and land planning, as well as data use and analysis. Rather than dedicate time and resource to developing a bespoke model, the Project Team first explored housing needs models used successfully in other jurisdictions.
- 3.10 The Team identified a comprehensive UK modelling process which had been proven to be effective in, and transferable between, various jurisdictions. The

model was first established in Scotland, where it had formed the basis of Scotland's 'Housing Need and Demand Assessment' and the country's 'Housing Supply Target'. The same model was subsequently adopted in Wales to produce estimates of housing need at a national and regional level for a twenty-year period¹², and is also being introduced in Northern Ireland.

- 3.11 To gain greater insight into the components of the model, members of the Project Team visited officials in Wales to view the model first-hand and ask in depth questions on its structure, set up, data requirements and outputs. The Team was able to confirm that the Welsh model could be tailored and expanded to generate the outputs needed by the States. It also established that the States had the skills available in-house to build the model for Guernsey and collected a greater granularity of data than was available in Wales, meaning that the local model would have the potential to deliver more detailed outputs.
- 3.12 As well as being technically feasible, the open and flexible nature of the model was considered to provide substantial advantage to the States. The States would gain the ability to continually maintain and update the model, no longer requiring the commissioning of external input or necessitating significant costs for ad-hoc revisions. Ongoing access to the model would also allow it to be adapted to explore different policy options, assumptions and time periods, thereby better informing policy decisions on the Island's housing needs.
- 3.13 Given the proven functionality of the model and the potential advantages of working in-house, it was agreed that a housing needs model for Guernsey would be built using the Welsh methodology as a foundation.

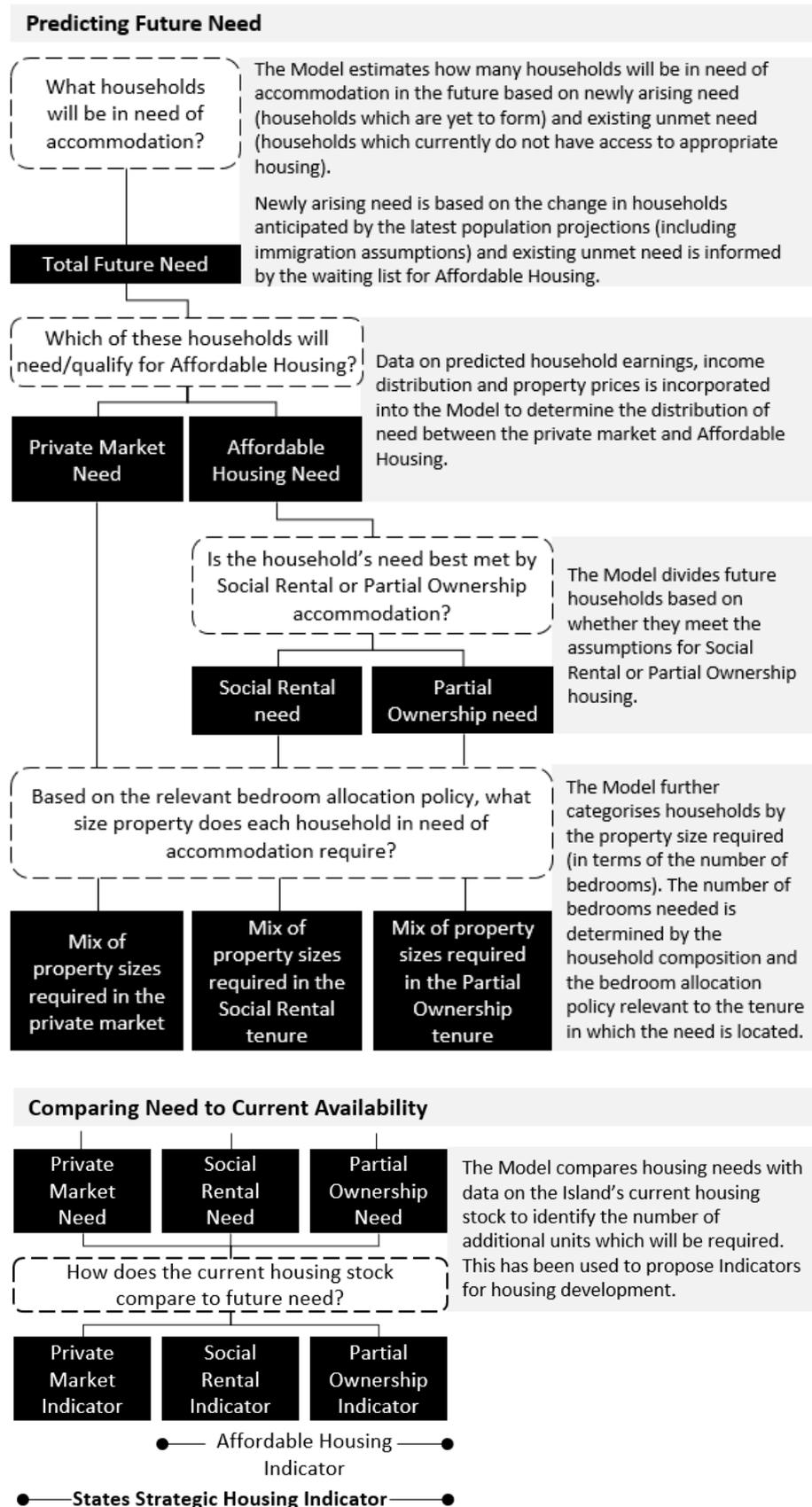
Overview of Guernsey's Housing Needs Model

- 3.14 To ensure the final SSHI provided sufficient direction for States' housing and planning policies, the model needed to deliver two key outputs¹³:
- 1) Total projected housing need broken down by property tenure (to at least private market/Affordable Housing level).
 - 2) The distribution of property sizes required in each housing tenure.
- 3.15 In order to deliver these outputs, the model has been designed to use existing population and housing data to compare projected accommodation requirements with the current housing stock. An overview of the model is provided in Figure 3.2 and further detail is available in sections 3.17-3.29 and in Appendix 2.

¹² [Local Housing Strategy - gov.scot \(www.gov.scot\), Estimates of housing need: 2019-based | GOV.WALES](#)

¹³ Initial discussions also considered whether housing need could be modelled to specific locations in Guernsey. It was agreed not to pursue this criterion, however, as there was insufficient data on which to meaningfully base analysis and the size and development of the Island generally negates the value of the results.

3.16 Figure 3.2: An Overview of the Housing Needs Model and Key Data Inputs



Model Development: Total Units and Tenure Breakdown

- 3.17 Guernsey's housing needs model uses evidence from multiple local data sources to identify the number of units needed overall and by tenure including the Rolling Electronic Census data (which includes information on population, employment, and earnings), data on the housing stock owned by the States and the GHA, bedroom data for Guernsey's current housing stock, the current Social Rental Housing waiting list, and the latest population projections.
- 3.18 Set assumptions are applied to the data to create a picture of the Island's households at a future point in time (based on the household composition and demographic trends observed in recent years), including newly forming households and households immigrating to the Island. Using information on each household's structure, income, etc., the housing needs of the future population can be identified and compared to the housing stock and the predicted rental and purchase costs for accommodation. This enables the overall units of accommodation needed to be split into the tenures required.
- 3.19 Housing need can be identified for any future date, however the modelling undertaken has focused on 2027, to reflect the life cycle of the SSHI. Figures have also been provided for 2040 to allow the States to consider the SSHI in the context of the long-term picture of housing need in the Island. This is important to help ensure that development decisions do not run counter to what is expected further into the future.
- 3.20 As explained previously, whilst the Affordable Housing legal definition includes Key Worker Housing and Specialised Housing, these tenures are not currently categorised in the Affordable Housing Indicator. It is the view of the Committee that the generation of the figures for these tenures will be better informed once the Key Worker Housing Project, Elderly Tenures Project and Market Intervention Project¹⁴ have been completed so that the most relevant policy position can be incorporated. This is the benefit of having the model built in-house. The modelling of the SSHI has excluded households that have been identified as residing in units of key worker accommodation and Specialised Housing properties. Under the model, households which might be in need of Key Worker or Specialised Housing in the future have not been identified and are treated the same as other households in the model. The internal modelling will be adapted to the new context once key policy decisions on these housing tenures are confirmed. Once these tenures are added to the model, there is the potential for the overall SSHI to slightly increase, which will be represented through an increase to the Affordable Housing Indicator component of the SSHI. Although this is expected to be minimal due to the number of households

¹⁴ These three projects are prioritised for commencement in 2023 in the Government Work Plan 2022, Billet d'État X, 2022

involved, they will each form an important sub-category tenure of the Affordable Housing Indicator alongside the individualised social rental and partial ownership tenure requirements.

Model Development: Property Sizes

- 3.21 In this context, property size requirements are determined by the number of bedrooms needed in a property for a household to be considered appropriately housed. In terms of bedroom number, whether housing is appropriate is decided by the bedroom allocation policy applied. For example, a household composed of a couple and two sons aged 4 and 6 may be considered appropriately housed in a two-bedroom property if the bedroom allocation policy allows for children of the same gender to share a room. If the bedroom policy requires all couples, single adults, and children to be allocated their own bedroom however, the same property would not be considered appropriate for this household.
- 3.22 The model can project the distribution of the property sizes required based on any mix of the following four profiles for bedroom allocation. The profiles illustrate a range of land and housing use efficiency, from the least efficient ‘current profile’ (which is based on current behaviours) to the most efficient ‘minimum profile’ (which is a strict application of the Social Rental Allocation and Eligibility Policy used for housing social rental tenants).

<i>Least efficient</i>	<p>1) Current Profile: This profile assumes all households are suitably housed and will remain in their current sized property unless they are on a waiting list for a tenure of Affordable Housing. It projects the housing stock required based on current profile and behaviour trends, i.e. that where there is a pattern of under or over-occupancy of properties this behaviour will continue. This is the approach taken in previous housing need studies and does not attempt to directly match housing property size with actual housing needs. Instead, it represents the current behaviours of demand for certain property sizes in the marketplace and is most akin to free market behaviours. Under this profile, for example, a pensioner household currently occupying a four-bedroom property will be assumed to require a four-bedroom property going forward.</p>
	<p>2) Maximum Profile: Under this profile, each household is allocated a spare bedroom above the intermediate requirements of the projected household members. One bedroom is allocated to the following:</p> <ul style="list-style-type: none"> a) A co-habiting couple, b) Each child, c) Each single adult over 18 years, and d) A spare bedroom.

	<p>3) Intermediate Profile: This profile is similar to the minimum profile; however, it ensures that each child and single adult has their own bedroom. One bedroom is allocated to the following:</p> <ul style="list-style-type: none"> a) A co-habiting couple, b) Each child, and c) Any single adult over 18 years.
Most efficient	<p>4) Minimum Profile: Under this profile, one bedroom is allocated to each of the following in a household:</p> <ul style="list-style-type: none"> a) A co-habiting couple, b) Up to two children under 11 years, c) Up to two children of the same gender between aged 11 to 18 years, and d) Any single adult over 18 years. <p>This profile represents a strict application of the Social Rental Allocation and Eligibility Policy used for housing social rental tenants.</p>

The Island's Current Housing Profile

- 3.23 The current profile is based on existing housing behaviours in the market. It is the profile with the highest average number of bedrooms per person and therefore represents the least efficient use of housing and land overall; under-occupancy is prevalent.
- 3.24 When comparing the present utilisation of housing stock across the Island with the intermediate profile (a bedroom per person/co-habiting couple), 55% of current households are under-occupying their property. This increases to 80% amongst households with at least one pensioner and no children. Compared with the maximum profile (a bedroom per person/co-habiting couple and a spare bedroom), 38% of households are presently under-occupying their property.
- 3.25 Current housing behaviours in the Island also include a level of over-occupancy relative to the intermediate (17%) and maximum profiles (38%). In these cases, households are not occupying properties with a sufficient number of bedrooms to meet their need as defined under each profile.

Testing and Validating the Model

- 3.26 A Technical Sub-Group consisting of peers from the industry¹⁵ was established to help develop and test the model. The Group helped to devise and stress-test the assumptions applied within the model and to review the preliminary findings to assess their validity.

¹⁵ Including local mortgage providers, mortgage broker, estate agent, independent economist and a representative from the private rental market.

- 3.27 Detailed consultation with the Committee *for* Employment & Social Security took place regarding the modelled assumptions for the Affordable Housing projections and, in particular, for decision-making on the profile split to be applied for the Social Rental Housing and Partial Ownership Housing tenures.
- 3.28 The Policy and Resources Committee and the Development & Planning Authority were presented with the structure of the model and its initial findings so that feedback could be used to refine decision-making on the recommended mix of bedroom profiles for modelling future private housing needs.
- 3.29 Every effort has been made to use the latest available data in the model, however the databases involved have different reporting cycles and reporting needs. Due to the intensive resource requirements and the time constraints for an updated SSHI, the 2021-2022 modelling process did not seek to carry out further data collection or updates. It has used the most up to date data collected and collated in the Island and has used evidence-based adjustments to this data where necessary and possible. The model can be enhanced in the future as improved data becomes available.

The Population and Immigration Policy Review

- 3.30 The underlying assumptions for the model such as the fertility rate and immigration rate can be amended based on any changes to States of Guernsey policy and to reflect any future changes in household behaviour. These changes can be applied using in-house resources and can be used to test different policy options to understand their impact on the Island's housing need.
- 3.31 The first policy development to be informed by the housing needs model was the Population and Immigration Policy Review ("the Review")¹⁶. The Review sought to understand whether the Island's population management regime had the capacity to respond to Guernsey's changing economic, social and environmental demands and support recovery from the COVID pandemic.
- 3.32 The Review identified that, in light of the ageing demographic, Guernsey would need to attract an average annual net inward migration level of +300 over the next thirty years to keep the workforce at its 2020 level. The housing needs model was used to understand the housing need that such a migration level would stimulate, providing the States with the information necessary to aid strategic decision making and set the scene for the States to consider what mechanisms might be required to support an increase the working population.

¹⁶ Population and Immigration Policy Review, Billet d'État XVIII, 2022

3.33 In October 2022, the States Assembly resolved that *“The States of Guernsey will assume for the purpose of planning future infrastructure and service provision, that net migration will average up to +300 per year over the next thirty years. This assumption will support the capacity of the Island’s workforce so that it remains a desirable and competitive jurisdiction, and will ensure that the Island can meet the needs of the economy with the necessary housing and infrastructure”*.

3.34 In line with this Resolution, the SSHI recommended by this Policy Letter has been developed based on the assumed net migration rate of +300 a year. This will ensure that the policies surrounding the development of residential property, including future housing land supply, will support the States’ strategic population objectives rather than acting as a barrier to the realisation of the States’ aims.

4 Model Outputs - What is the recommended 2023-2027 SSHI?

4.1 The housing needs model projects that 1,565 additional accommodation units will be needed between now and the end of 2027, based on a fertility rate of 1.5 and a net annual immigration rate of +300. This equates to an annual housing need of 313 units each year over the next five years, 186 units per year higher than the current SSHI.

4.2 When a range of plus and minus 10% is included, the recommended SSHI is 1,409–1,722 new housing units over the four years (2023-2027), or 282–344 units a year. By setting the SSHI at this level, it will support efforts to increase housing supply and help to address the housing issues currently being experienced across the community.

4.3 As acknowledged when the last SSHI was set in 2018¹⁷, a 10% range is recommended to balance flexibility in the SSHI’s implementation with the certainty needed for a stable development industry. Whilst the housing needs model has the capacity to project housing need at any time and over any interval, it would not be realistic to constantly update the SSHI whenever the Island’s housing need slightly varies. By including a range, developers are provided with the flexibility to react to market conditions whilst retaining the certainty needed for forward planning over the long time periods required for development.

4.4 The same percentage range applies to each component part of the SSHI. The figures for the Private Market Indicator and Affordable Housing Indicator are explored in more detail in sections 4.5 to 4.44.

¹⁷ Local Market Housing Review and Development of Future Housing Strategy, Billet d’État XIX, 2018

Private Market Indicator

- 4.5 Between 2023 and 2027, it is projected that 844 (+/-84) additional units of accommodation will be needed in the private market. This equates to an average annual requirement of 169 units (+/-17).
- 4.6 The private market property size requirements have been projected based on a hybrid bedroom allocation policy comprising 85% allocation at current bedroom profile (reflecting the population's existing bedroom distribution, where more than half of households have at least one spare bedroom per household), 10% at maximum bedroom profile (which includes one spare bedroom per household) and 5% at the intermediate bedroom profile (which does not include any spare bedrooms).
- 4.7 As shown in Table 4.1, broken down by required property size, the Private Market Indicator for 2023-2027 includes 62 one-bedroom properties, 716 two-bedroom properties, 53 three-bedroom properties and 13 four-bedroom properties. There are already sufficient 5-bed and over 5-bed properties in the private market to meet the projected need of the population.
- 4.8 These private market projections do not account for premium properties which may be required for high-net-worth individuals. Due to the low numbers involved, and the specific requirements of each, an insufficient volume exists for them to be effectively modelled. Therefore, any need, or demand, in this respect is not included in these projections.
- 4.9 In determining the property size distribution set out, it has been assumed that any surplus housing of a larger sized property category (compared to the size required) will be occupied by households requiring smaller properties (this is explained in more detail in Appendix 2).

4.10 Table 4.1: Property Sizes within the Private Market Indicator

Private Market Indicator			
Bedroom Standards Applied: 85% Current Bedroom Profile, 10% Maximum Bedroom Profile, 5% Intermediate Bedroom Profile			
No. of Bedrooms	Number of Additional Units Required by 2027		Number of Additional Units Required by 2040 - Indicatory ¹⁸
	Projection	10% Range	
1	62	<i>(56-68)</i>	125
2	716	<i>(644-788)</i>	1068
3	53	<i>(48-58)</i>	457
4	13	<i>(12-14)</i>	221
5	0	<i>0</i>	0
5+	0	<i>0</i>	0
TOTAL	844	<i>(760-929)</i>	1,871

- 4.11 Consideration of the profile mix to apply for the Private Market Indicator has required detailed consideration due to the sensitivity to balance the free market behaviours of private market owners and renters, the viability of developments for developers, and the efficiency of land use for housing development on the Island.
- 4.12 If the housing requirements of the private market were allowed to solely follow the current housing behaviours of those living in the private market (both in private home ownership and private rental), 100% of the current profile would be applied. The current profile permits the housing behaviours observed in the market today, in terms of property sizes demanded, to continue into the future and projects household property size requirements based on properties they demand and can afford.
- 4.13 The modelled projections of following 100% current profile, along with some alternative profile mix scenarios, are set out in Appendix 3.
- 4.14 While pursuing 100% current profile may seem attractive, leaving the market to distribute resources and provide property sizes following the current prevalent trends, the immense pressures in the Island’s housing market at present highlight that this alone has not met enough of the Island’s housing need. Further, it comes with a heavy cost to the efficient use of Guernsey’s land and has resulted in an under provision to some sectors of society.
- 4.15 Understandably, developers build units that they consider the market wants and the unit sizes that they consider will sell; this is the nature of their business. However, as evidenced from the current structural housing market issues (such

¹⁸ A range has not been included for the 2040 projections as these are indicatory numbers to provide context, rather than part of the proposed SSHI.

as a lack of affordability for first time buyers, the unsustainable affordability ratios across the income spectrum of both private market purchase and rented prices to earnings, the supply issues and the mis-match of housing stock to housing requirements) the market system has not distributed resource appropriately and is not performing optimally at meeting the needs of the private housing market.

- 4.16 Measures need to be considered to target these structural issues. While these issues are being fully scoped, with options considered, as part of the GWP category 1 prioritised Market Intervention Project, there is a role that the SSHI can play in this now.
- 4.17 The profile split within the Private Market Indicator can be based away from a 100% current profile bedroom allocation policy. There is currently a prevalence of under-occupancy in the private housing market. If the current profile alone is used to project this market's housing property size requirements, these levels of underoccupancy will continue without restriction. This could lead to further strategic housing problems in the future with land supply depleted through an Island's private housing stock that is completely dissociated from the housing need requirements within it.
- 4.18 In understanding the current profile trends, the SSHI Project identified that approximately 55% of households have at least one 'spare' bedroom and 38% would appear to have at least two 'spare' bedrooms.
- 4.19 The analysis of pensioner households (one or two pensioners with no children living in the household) demonstrates a particular underoccupancy issue. Over 50% of such households live in properties with bedrooms above the maximum profile and therefore more than one spare bedroom; this number rises to nearly 80% when compared to the intermediate profile (i.e., 80% of households have at least one spare bedroom).
- 4.20 The current level of underoccupancy prevents households in need of three/four-bed properties from being able to access suitable accommodation already developed in the Island. Whilst there are sufficient larger properties available to meet these housing need requirements (if mapped against the maximum bedroom profile alone, no houses larger than two bedrooms would need to be built in the private market), these houses are currently under-occupied by households with lower bedroom requirements. The risk of developing more properties of this size is that Guernsey is fuelling the demand for under-occupancy, rather than an efficient use of its housing stock, as well as making no adjustment for the demographic shift that will occur as the population ages. The expectations of the SSHI have to be balanced against people's current behaviours, expectations and demands as well as the future provision requirements.

- 4.21 Whilst measures can be introduced to encourage right-sizing, there are a wide range of factors that discourage and prevent households from relocating and it is unrealistic to suddenly expect 100% of under-occupying households to right-size. If right-sizing is to be encouraged, it can only be achieved if there are suitable and attractive properties for people to move to that meet their housing needs to age well in their home. A key step in this is demonstrating to developers why it is important to encourage right-sizing in the market and, in particular, how targeting housing for older people to right-size into is just as important as targeting housing for first-time-buyers and family accommodation.
- 4.22 This has to be a starting point and in delivering against the proposed private market profile mix set within the SSHI, this provides the first step towards incentivising this objective trend while further work is done on the motivations and requirements of older people seeking to right-size.
- 4.23 Any move to change housing behaviour also needs to consider the current status of Guernsey's housing market. The levels of housing demand and the shortage of supply in all sectors of the market are unprecedented and any movement away from the current profile needs to be treated carefully so as to not exacerbate the current pressures. It is accepted that a transition out of the current housing position is needed before more efficient housing use can be realised. The current focus must be on addressing the stark housing market pressures being experienced and in increasing the supply within all sectors to help alleviate the current position.
- 4.24 Therefore, in order to make a move towards right-sizing, whilst balancing the sensitivity of the current housing market, the Committee is recommending the profile split of 85% current profile, 10% of bedroom allocations at the maximum profile and 5% at the intermediate profile to encourage an element of gradual behavioural change.
- 4.25 In reaching this profile split, the Committee has considered more stringent options to right-sizing such as applying 75% of the current profile, or even 50% of the current profile¹⁹, however it felt that, at this stage, severe changes in behaviour of this type cannot happen in one step and with the current housing supply pressures.
- 4.26 It may well be that if, and when, incentives and intervention for right-sizing are introduced, together with plans for a wider availability of suitable properties to right-size into, a more stringent move away from the current profile could be applied. This will be continually reviewed by the Committee and will be informed through the Market Intervention Project that will seek to better define the

¹⁹ Appendix 3 sets out the modelled results for these private market profile mixes.

issues, incentives, motivations and advantages that exist for both older people and developers to enable units of this type to be developed so this behavioural movement can occur.

Affordable Housing Indicator

- 4.27 It is estimated that 721 (+/-72) additional units of accommodation will be needed in the Social Rental and Partial Ownership tenures between 2023 and 2027. This equates to an average annual requirement of 144 units (+/-14). This figure is representative of the current Affordable Housing waiting lists and the increasing need trend that has been experienced over recent years.
- 4.28 At present, 10.3%²⁰ of Guernsey's residential units are within the Affordable Housing tenure. This includes Social Rental (9.5%) and Partial Ownership (0.9%). If Guernsey was to successfully deliver against both the proposed Private Market Indicator (844 units) and the proposed Affordable Housing Indicator (721 units), it would adjust this proportion to approximately 12% of Guernsey's total residential units. While this is an increased proportion, it is still a significantly lower proportion than, for example, Jersey (14.4% - Social Rental tenure only) and England (17.6% - Social Rental (16.6%) and Shared Ownership (1%) tenures).
- 4.29 In considering the housing needs and profile mix of this component of the SSHI, the Committee *for* Employment & Social Security has been consulted and its advice and input has been adopted in the Committee *for the* Environment & Infrastructure's proposals.
- 4.30 Within the Affordable Housing Indicator, 473 properties are projected to be needed in the Social Rental Housing tenure, where States of Guernsey owned or GHA owned housing units are rented below market value to households on low incomes, or with other needs identified by the Committee *for* Employment & Social Security. These properties are distributed by size as shown in Table 4.2.

²⁰ Guernsey Facts & Figures 2022 - [Facts and Figures Booklet - States of Guernsey \(gov.gg\)](#).

4.31 Table 4.2: Social Rental Property Sizes

Social Rental Requirements			
Bedroom Standards Applied: 90% Minimum Bedroom Profile, 10% Maximum Bedroom Profile			
No. of Bedrooms	Number of Additional Units Required by 2027		Number of Additional Units Required by 2040
	Projection	10% Range	
1	350	<i>(315-385)</i>	571
2	224	<i>(202-246)</i>	272
3	-356	<i>(-320- -392)</i>	-357
4	154	<i>(139-169)</i>	151
5	69	<i>(62-76)</i>	68
5+	32	<i>(29-35)</i>	31
TOTAL	473	<i>(426-520)</i>	736

- 4.32 In order to ensure consistency with current policy, the bedroom standards applied within the Social Rental tenure were determined by the Social Housing Allocations and Eligibility Policy²¹. The policy is aligned to the minimum bedroom profile, which allocates one bedroom to a co-habiting couple, one bedroom to up to two children under 11 years or up to two children of the same gender between aged 11 to 18 years, and to any single adult over 18 years. This is a pure need-based assessment.
- 4.33 To support the Allocations and Eligibility Policy, 90% minimum profile was applied to the Social Rental tenure. The remaining 10%, has been projected based on the maximum profile to reflect the proportion of Social Rental households with more complex needs that cannot be met through the application of the minimum profile.
- 4.34 The maximum profile allocates each child and single adult their own bedroom and provides the household with a spare bedroom. By projecting 10% of needs in line with the maximum profile, the accommodation developed in the tenure should provide the flexibility to cater for households with shared custody agreements or in need of a room for a carer. The level of 10% for the maximum profile component was based on analysis of the current waiting list needs as a quantifiable sample of overall housing need of this nature.
- 4.35 Unlike in the private market, the modelling for the Social Rental tenure does not include any adjustments to account for excess properties in a housing size category. In the private market projections, it has been assumed that 'spare' housing in larger categories will default to be occupied by households requiring smaller properties. Whilst the occupation of larger properties by smaller

²¹ Social Housing - Allocations and Eligibility Policy

households is very common behaviour driven by private market forces, the assumption is less applicable to the more heavily controlled Social Rental tenure.

- 4.36 Landlord rights in place for the GHA and the States owned social rental housing allow Social Rental households to be transferred between housing stock to limit under-occupancy and ensure a greater efficiency in the use of accommodation. In addition, there is a pool of Social Rental applicants and occupiers with specific accessibility, medical and mobility needs that mean it is not possible for them to under-occupy a standard three-bed property, further reducing the suitability of an automatic adjustment into this less needed property size.
- 4.37 Without an automatic adjustment, the Social Rental tenure figures include a negative requirement of -356 three-bedroom units, as shown in Table 4.2. In reality, at present, there are no three-bedroom properties left vacant due to tenants either:
- a) temporarily under-occupying the larger properties, primarily due to the property previously being used to accommodate the family, but where the children have now moved out to form their own household leaving the parent(s) under-occupying. While there is a lengthy new applicant waiting list for smaller properties, a policy decision has been made to pause the transfer of these under-occupying tenants; or
 - b) dining rooms in three-bedroom units being used as an additional bedroom (i.e. they are being used as four-bedroom properties), meaning such houses now provide less communal space than their original design. This, however, is not a long-term solution and is not a suitable solution for all tenants or applicants.
- 4.38 This mismatch of stock, while utilised, highlights the change in approach in the eligibility for Social Rental housing over recent decades away from purely family accommodation to a provision for the full cross section of society. If the Social Rental tenure's housing needs are to be met, it clearly demonstrates the urgent need for not only smaller properties but also larger properties to accommodate Social Rental tenure households' needs.
- 4.39 It is essential that small properties continue to be developed to meet this need and these very specific housing requirements are not displaced.
- 4.40 Unlike in the private market where larger properties have been built and, as such, have met the projected needs for larger properties, in the Social Rental tenure there is a requirement for additional 5-bed and 5+ bed properties. This reflects the mis-match of existing housing stock property sizes to the current household needs that have evolved over time within this tenure. When States-owned Social Housing was originally built, the focus was on providing 3-bed family homes.

However, through careful management of this stock and detailed knowledge of household requirements in this tenure/on the waiting list, it is clearly evidenced that larger properties are required to house the larger families eligible for social rental housing. The Affordable Housing build programme has to now factor in this rectification.

4.41 The second component of the Affordable Housing Indicator is made up of Partial Ownership Housing, currently managed by the GHA. It is projected that 248 additional units of Partial Ownership Housing will be required by 2027, as shown in Table 4.3.

4.42 Table 4.3: Partial Ownership Housing Property Sizes

Partial Ownership Housing Requirements			
70% Intermediate Profile and 30% Maximum Profile			
No. of Bedrooms	Number of Additional Units Required by 2027		Number of Additional Units Required by 2040
	Projection	10% Range	
1	115	<i>(104-127)</i>	232
2	75	<i>(68-83)</i>	143
3	23	<i>(21-25)</i>	42
4	25	<i>(22-28)</i>	34
5	7	<i>(6-8)</i>	10
5+	3	<i>(2-4)</i>	3
TOTAL	248	<i>(223-273)</i>	464

4.43 Part-purchasers will be able to adopt different aspirations than the minimum profile applied to Social Rental. This is reflected in existing policy which allows part purchasers to buy a property with a spare bedroom above their current housing need allowing younger families to provide for the future. This means that some households will purchase in line with their maximum profile.

4.44 As supported by the Committee *for* Employment & Security, Partial Ownership Housing needs have been projected on the basis of a 70%:30% split between the intermediate profile for bedroom allocation and the maximum profile. This enables the desire for more aspirational housing to be met through the new housing stock for this tenure.

4.45 It is important to note that, should a new form of Partial Ownership Housing be adopted in Guernsey, such as a scheme based on 75% market value home ownership²², further modelling would be required to understand the housing need resulting from the implementation of such a scheme and this would have to be considered as part of any scheme proposals.

²² This is required for investigation as a result of the successful Amendment to the Government Work Plan in June 2022, Billet d'État X, 2022

Land Supply for the SSHI

- 4.46 Focus must be given to the land supply required to meet the headline projected housing need of an additional 1,565 units of accommodation by 2027, as well as the long-term accommodation requirements identified by the housing needs model. It is essential that the Development & Planning Authority takes into account the projected housing need when considering the options for housing land supply if the housing needs of residents are to be fulfilled and the population is to be able to grow as required to sustain the Island's economy and public services, while also balancing this with the protection of its environment²³.
- 4.47 The Strategic Land Use Plan sets a spatial strategy for the distribution of development which concentrates development in the two main urban centres with more limited development in identified local centres where this would enable community growth. This spatial distribution of development is longstanding and instrumental in achieving sustainable development by directing the majority of development to areas well served by shops and services. The boundaries of the Main and Local Centres are designated in the Island Development Plan. Other than in exceptional circumstances, the land supply for new residential development, and therefore capacity for new build housing units, is limited to housing land supply within these centres. Although a range of mechanisms can be considered to increase housing capacity within these Centres, such as increased density and taller buildings and more housing allocations, a significant increase in the requirement for housing land may require the States to revisit the Main and Local Centre boundaries and/or create new Local Centres through a review of the housing land supply.
- 4.48 The Island Development Plan and the housing land supply are informed by a Strategic Housing Land Availability Assessment ("SHLAA"). This is effectively a 'stock check' of the supply of potential development sites for housing in Guernsey in the Main Centres. Most recently, the SHLAA was updated to inform the 2021 IDP Annual Monitoring Report ('AMR'). The remaining undeveloped sites identified in the 2014 SHLAA and sites in Main Centres with a Development Framework that are without an extant planning consent, and the Regeneration Areas designated in the IDP, have been assessed for their development potential (i.e. developability, deliverability and the number of dwellings that could be achieved on the site). The total estimated yield from the 26 sites is 968 to 1,954 dwellings (however it is important to note that not all eligible sites, which are privately owned, can be guaranteed to come forward for development). This means that the capacity in the existing Main Centres is sufficient only to meet, roughly, the requirement to 2027, if developed to the current design specifications/expectations. By 2040, however, the requirement for housing will

²³ Population & Immigration Policy Review, Billet d'État XVIII, 2022

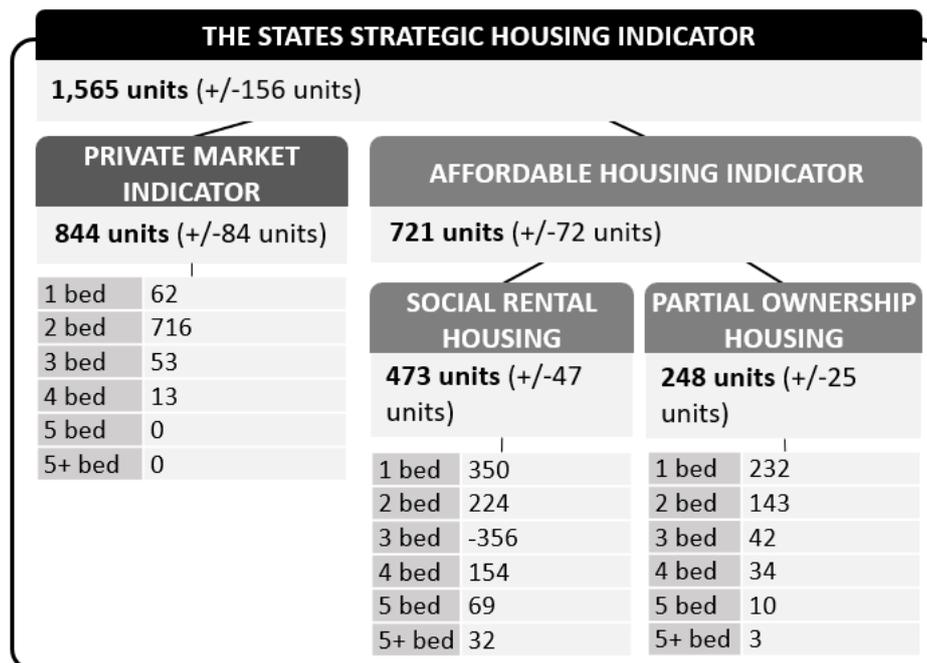
exceed the maximum assessed capacity of the land supply currently identified in the SHLAA.

- 4.49 The SHLAA uses a range of housing density assumptions, depending on the size and nature of the sites identified, of between 40 and 110 dwellings per hectare. Applying these densities to the forecasts suggests that, to accommodate the SSHI to 2040, using current design specifications/expectations, a total of between 31 and 84 hectares (in other words, between 41 and 114 football fields, or between 25% and 75% of L'Ancrese Common) would need to be made available for housing development.
- 4.50 If the current model of building in terms of building heights, density, and off-street parking is continued, it is therefore likely that there will be a substantial requirement to develop land, including green field sites. This may mean that there is a requirement to refocus in terms of building form and density in order to minimise the impacts of substantial levels of new residential development.
- 4.51 Whilst acknowledging that the scope is within the mandate of the Development & Planning Authority to determine, the Committee *for the* Environment & Infrastructure would like to ensure that the imminent review of the Island's housing land supply gives due consideration to policy provisions to ensure the density of a development, in particular within the Main Centres, is maximised wherever possible to limit over development on the rest of the Island. In particular, the Committee would like to ensure that due consideration is given to how planning policies might be adjusted to require that, where appropriate and feasible, the height of a development is maximised wherever possible.

SSHI Summary

- 4.52 Based on the outputs of the housing needs model, and the bedroom allocation policies proposed by the Committee *for the* Environment & Infrastructure, the States are recommended to endorse the SSHI as summarised in Figure 4.1.

4.53 Figure 4.1: Summary of the recommended 2023-2027 SSHI



4.54 The updated SSHI will have no effect unless it is incorporated into the States’ policies and operations. Section 5 examines how the SSHI will be used to inform policy development and how flexibility will be built into its implementation to ensure it can react to changes in market conditions and to more complex household or developer circumstances.

5 Use of the SSHI – How will the States Strategic Housing Indicator be applied?

5.1 To exert an influence on the development environment and to support the delivery of States objectives, the SSHI is used to inform States housing, infrastructure, population and spatial planning policy. It is a key contributor to the development of planning policy and setting the requirement for the ongoing pipeline supply of housing planning permissions, as well as supporting the States’ funding decisions in relation to the Affordable Housing Development Programme.

5.2 The SSHI is not, however, a target to be delivered by the States. Within the private market, the States cannot control what sites come forward for development or the implementation of planning permissions, nor force developers to construct particular types of housing units in all cases. Developers’ decisions are influenced by specific site conditions and external matters outside of the control of the States at this time, such as finance availability and conditions, the capacity of the construction industry, profit margins, site specifics and personal choice. The application of the SSHI, therefore, has to be flexible to

allow developers to respond to changes in market conditions and enable development to take place where households have more complex or exceptional needs.

- 5.3 An appropriate mix, type and size of housing is required to ensure that all the community's housing needs can be met. This is reflected in the Strategic Land Use Plan which seeks to ensure that provision is made not only to meet the requirement for the number of new homes, but that they are also of an appropriate mix of tenures, sizes and types to meet the Island's housing needs. Therefore, where a site can accommodate a variety of dwellings, relevant planning policies generally expect for it to be developed with a mix of type and unit sizes aligned to those identified as being most needed by the Island at any given time. The SSHI is used to inform that need.
- 5.4 However, not all sites will be able to accommodate a variety of dwellings and it is acknowledged in the Island Development Plan that there will be important economic or social reasons, in some cases, to provide a particular housing type or size. The SSHI is a guide to housing need and will not in itself preclude the development of unit sizes that are different to those specified as needed by the Island, for example five-bedroom properties, if the specific circumstances of a site were to make this appropriate or necessary. It is important to also clarify that planning policies allow for the creation of residential units outside of the centres but only through conversion of redundant buildings and subdivisions and also for the demolition and rebuilding of existing dwellings on a one-for-one basis. The spatial policy does not give scope for these sites to provide additional new build housing units so they would not be considered capable of accommodating a mix of unit sizes to which the SSHI property size indicator would apply.

Supporting Policy Priorities

- 5.5 By understanding the number and mix of property tenures and sizes needed in the Island, the States is better able to identify issues for the policy agenda, inform decisions about policy content and direction, and evaluate the impact of potential policy decisions.
- 5.6 Given the current pressures on housing availability and the increase in housing purchase and rental costs, a thorough understanding of housing need is vital to support the analysis and implementation of any measures to alleviate the market strain. This includes support for actions within the wider 'housing' workstreams of the Government Work Plan²⁴.

²⁴ Government Work Plan 2022, Billet d'État X, 2022

- 5.7 A targeted review of some land use policies, which will include the Island's housing land supply, has also been prioritised as part of the Government Work Plan commencing in Q1 2023. There is a statutory requirement for the Development & Planning Authority 'from time to time' to consider whether any alterations to the Island Development Plan are necessary and, if they are, to then amend the Plan and also to review the housing land supply within five years of the adoption of the Plan in 2016. Although this was paused by the States due to the Covid pandemic, it will form part of the targeted review of certain policies commencing January 2023. The SSHI will inform the housing land supply review and the potential designation of land for housing within the Island Development Plan. This is of the utmost importance to ensure that land use planning is relevant and continues to be an enabler for government objectives and priorities.
- 5.8 The Island Development Plan also requires the Development & Planning Authority to ensure that sufficient planning permissions are in place to maintain a two-year 'pipeline' supply of housing. The quantity of housing units which constitutes a two-year supply is determined by the SSHI.

Application of the Affordable Housing Indicator

- 5.9 Relative to the private market, the States has more power to influence the alignment of Affordable Housing supply to Affordable Housing need.
- 5.10 The Affordable Housing Indicator in the SSHI forms the foundation for the Affordable Housing Development Programme. This programme is delivered by the Guernsey Housing Association under the direction of the Committee *for* Employment & Social Security, with supportive funding made available through a capital allocation agreed by the States in 2021.
- 5.11 The Affordable Housing Indicator sets the additional Social Rental and Partial Ownership housing units needed between 2023 and 2027 and thereby helps inform future land purchase decisions, the number, tenure and size of units to be built and any change of tenure within the existing Affordable Housing stock. It also helps plan the funding support required to deliver this programme if the Island's Social Rental and Partial Ownership housing needs are to be met.
- 5.12 Over the next four years, the development programme will need to take particular account of the mismatch between current Social Rental stock and the projected Social Rental housing needs. The projected need is for the majority of developed units to be smaller properties, with also a significant requirement for four-bedroom units, but the Social Rental stock comprises a high proportion of three-bedroom properties due to the historic build programme and prioritisation of Social Rental housing for smaller families over single people and couples. The data in Table 4.2 shows that if the Affordable Housing Development Programme delivers against each of the unit sizes alone, without regard to the bigger picture,

it risks a surplus in 3-bedroom properties in the future – a situation that must be avoided.

- 5.13 The Committee *for* Employment & Social Security will need to give this area detailed consideration as part of its wider development programme and stock management to ensure housing needs are met through an efficient use of housing stock but also balanced through its management of budget and consequential void costs if the number of transfers within its stock are increased.
- 5.14 Consideration will need to be given to whether some three-bedroom units from the Social Rental tenure can be converted to Partial Ownership or Key Worker housing in the long run perhaps; whether some three-bed properties can be subdivided or extended to better meet the needs of future households; there is potential for predominantly three-bedroom estates to be redeveloped so that unit sizes more closely align to the identified housing needs for this tenure; and how under-occupying tenants in three-bedroom properties should continue to be treated in the long term so they are not unfairly disadvantaged in terms of rent or Income Support assessments.
- 5.15 Reviewing the options for Social Rental properties is an extensive, but essential, piece of work which will need to be informed (at the very least) by the robust and up to date evidence about supply needs provided by the SSHI alongside the financial considerations that they present.

6 Monitoring and Review – When will the SSHI be refreshed?

- 6.1 The States is under Resolution to produce a housing needs study at intervals no greater than five years²⁵. As with the latest housing needs study, the results are used to update the SSHI. The SSHI cycle is in place to balance the risk of any changes to population need with the planning horizons and certainty required by housing developers. The Committee recommends that formal updates to the SSHI through the States of Deliberation continue to be made every five years or more frequently if the States, or the Committee, identifies a particular requirement. The in-house operation of the housing needs model, however, now provides the opportunity to monitor any changes to housing need more closely and more frequently than just once every five years.
- 6.2 It is proposed that the housing needs model be run every year, with the findings reported to both the Committee *for the* Environment & Infrastructure and the Committee *for* Employment & Social Security for review. This provides both Committees with the opportunity to review housing need more regularly and to consider if policies and initiatives continue to provide adequate supply or whether amendments are required.

²⁵ 'Survey of Guernsey's Housing Needs,' Article 9, Billet d'État IX of 2002

- 6.3 It is also proposed that these findings be published for complete transparency on the Island's housing needs.
- 6.4 Each time the model is run with more up-to-date data, it will pick up any trends in housing behaviour which will then be reflected in the results. In the event that the results of the annual modelling process vary from the 10% tolerance for the SSHI, then the results would be presented to the States of Deliberation with a proposed revision to the indicator. This allows the SSHI to take account of more extreme market changes and reduces the risk of the SSHI becoming misaligned from population need over the five-year period.
- 6.5 Regular updates on the SSHI will also be provided through the Development & Planning Authority's Monitoring Reports, which will provide clear performance data on how the Island is meeting the SSHI and its components.
- 6.6 In line with Rule 4(1)(a) of the Rules of Procedure of the States of Deliberation and their Committees, it is recommended that, should any policy changes presented to the States have an impact on the Island's housing need requirement, a section should be included within the relevant Policy Letter to inform the States of the impact of each policy proposal on the Island's housing need. This reporting will be supported by the in-house operation of the housing needs model, which can be adjusted to test policy options.
- 6.7 The annual 'running' of the housing needs model, and any ad hoc modelling as part of the policy development process, will have a staff resource requirement. It is acknowledged that while the ownership of the model sits with the Committee *for the Environment & Infrastructure*, the data input and operation of the model requires support from appropriately skilled centralised resource.
- 6.8 It is estimated that about three weeks of officer time would be required to deliver the annual update. This is expected to be managed within existing budgets and resources.
- 6.9 If the propositions in this Policy Letter are agreed and unless the States of Deliberation, the Committee *for the Environment & Infrastructure* or the Committee *for Employment & Social Security* identify a reason to do so sooner, the next formal SSHI update to the States of Deliberation is expected to be in 2027 to set an SSHI for 2028–2032.

7 Compliance with Rule 4

7.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.

7.2 In accordance with Rule 4(1):

- a) The Propositions contribute to the States' objectives and policy plans and deliver the action titled 'Progress proposals to the States on the States Strategic Housing Indicator' prioritised within the Government Work Plan.
- b) In accordance with Rule 4(1)(b), the Committee can advise that in preparing the Propositions, consultation has been undertaken with the Committee *for* Employment & Social Security in relation to the Affordable Housing Indicator, the delivery of which falls within that committee's mandate.
- c) In accordance with Rule 4(1)(c), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.
- d) There are no direct financial implications to the States of carrying the proposals contained within this report.

7.3 In accordance with Rule 4(2):

- a) In accordance with Rule 4(2)(a), the Propositions relate to the duties of the Committee for the Environment & Infrastructure in respect of "general housing policy in relation to land use, spatial planning and infrastructure".
- b) To comply with Rule 4(2)(b) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the Propositions attached to this Policy Letter have the unanimous support of the Committee *for the* Environment & Infrastructure.

Yours faithfully

Committee *for the* Environment & Infrastructure

H L de Sausmarez
President

S P Haskins
Vice President

A Cameron
S Fairclough
A Gabriel

J Niles
Non-States Member

M Palfrey
Non-States Member

APPENDIX 1

GLOSSARY OF TERMS

Affordable Housing	<p>Specific accommodation units owned and/or managed by the States of Guernsey or a registered housing association reserved for people who cannot meet their needs in the private market without assistance. Comprises ‘social housing’ and ‘intermediate housing’.</p> <p>‘Social Housing’ is reserved for households on low incomes or with other needs identified by the Committee for Employment & Social Security. It includes Social Rental Housing, Specialised Housing and Key Worker Housing.</p> <p>‘Intermediate Housing’ is offered on a part ownership basis. It includes Partial Ownership Housing, shared equity or low-cost ownership or similar schemes. It is mainly aimed at households that are ineligible for Social Housing but cannot meet the full cost of renting or buying appropriate housing on the private market without support. The only ‘intermediate housing’ scheme in operation in Guernsey at present is the GHA’s Partial Ownership Scheme.</p>
Affordable Housing Indicator	<p>A component of the States Strategic Housing Indicator and the number of additional units of accommodation that need to be made available for Affordable Housing to meet the Island’s projected Affordable Housing needs.</p>
Bedroom Allocation Policy	<p>The policy under which bedrooms are allocated to households in the housing needs model based on a household’s composition and tenure.</p>
Bedroom Allocation Profile - Current Profile	<p>This profile assumes all households are suitably housed and will remain in their current sized unit of accommodation unless they are on a waiting list for a tenure of Affordable Housing. It projects the housing stock required based on current profile and behaviour trends, i.e. that where there is a pattern of under or over-occupancy of properties this behaviour will continue.</p>

<p>Bedroom Allocation Profile - Minimum Profile</p>	<p>Under this profile, one bedroom is allocated to each of the following in a household:</p> <ul style="list-style-type: none"> • A co-habiting couple, • Up to two children under 11 years, • Up to two children of the same gender between aged 11 to 18 years, and • Any single adult over 18 years. <p>This profile represents a strict application of the Social Rental Allocation and Eligibility Policy used for the social rental housing tenure.</p>
<p>Bedroom Allocation Profile - Intermediate Profile</p>	<p>This profile is similar to the minimum profile however it ensures that each child and single adult has their own bedroom. One bedroom is allocated to the following:</p> <ul style="list-style-type: none"> • A co-habiting couple, • Each child, and • Any single adult over 18 years.
<p>Bedroom Allocation Profile - Maximum Profile</p>	<p>Under this profile, each household is allocated a spare bedroom above the intermediate requirements of the projected household members. One bedroom is allocated to the following:</p> <ul style="list-style-type: none"> • A co-habiting couple, • Each child, • Each single adult over 18 years, and • A spare bedroom.
<p>Guernsey Housing Association (GHA)</p>	<p>An independent not-for-profit company limited by guarantee. The GHA is a registered housing association owning and managing Social Rental, Partial Ownership, Specialised Housing and Key Worker Housing units.</p>
<p>Housing Demand</p>	<p>The type and number of housing units that a household will choose to occupy or own, given their preference and ability to pay. It does not necessarily match their housing need.</p>
<p>Housing Need</p>	<p>The size and tenure of unit required for a household to live in accommodation that is affordable, adequate and secure. Collectively 'housing need' is the shortfall in housing units required for all households to live in accommodation that meets their essential needs.</p>
<p>Housing Need - Adequate Housing</p>	<p>Housing which meets the necessary standards (e.g. safety, condition) and meets the requirements of its occupants (e.g. accessibility, privacy, size).</p>

Housing Need - Affordable Housing	Housing which is affordable to the residing household based on housing costs as a proportion of available income.
Housing Need - Secure Housing	Housing which is at low risk of being lost to the residing household.
Housing Tenure	The legal status under which people have the right to occupy accommodation. Different types of tenure are used to categorise accommodation.
Key Worker Housing	There is no States agreed definition of 'Key Worker' at present but 'Key Worker Housing' in this context refers to States-owned, GHA-owned and private rental housing units reserved for, and occupied by, off-island recruited health (and some teaching) essential staff. A tenure of Social Housing.
Overoccupancy	The occupancy of a unit of accommodation by more people than it is assessed should be accommodated by that unit.
Partial Ownership Housing	Housing where a portion of the property is purchased by the resident and rent is paid on the remainder of the property. A tenure of Intermediate Housing operated by the GHA.
Private Market	Owner-occupied and private rental units. Owned or rented outright at private market rates.
Private Market Indicator	A component of the States Strategic Housing Indicator and the number of additional units of accommodation that need to be made available in the private market to meet the private housing market's projected needs.
Property Size	The number of bedrooms in a unit of accommodation.
Right-sizing	Moving from a property that does not exactly meet a household's current housing needs to one that does. This would include moving from a larger property to a smaller property that directly meets the household's profile requirements.
Social Rental Housing	Housing rented below market rates to households on low incomes or with other needs defined by the Committee <i>for</i> Employment & Social Security. A tenure of Social Housing.

Specialised Housing	Housing where a degree of support or care is provided to allow residents to live as independently as possible. A tenure of Social Housing.
States Strategic Housing Indicator (SSHI)	A States-agreed figure which sets out the total number of additional accommodation units that should be created each year if Guernsey is to meet its housing need. The SSHI can be further split into the Affordable Housing Indicator and the Private Market Indicator.
Underoccupancy	An under-occupied dwelling is a dwelling deemed to have too many bedrooms for the needs of the household living in it.

APPENDIX 2

METHODOLOGY OF THE HOUSING NEEDS MODEL

Guernsey's housing needs model has been developed to provide a tool for estimating the Island's future accommodation need. It is intended to support the development and continued review of the SSHI and will itself be subject to improvement efforts as the SSHI is reviewed.

This appendix provides further information on the structure and workings of the model based on a series of Frequently Asked Questions ("FAQs").

1. What is the purpose of the Housing Needs Model?

The model has been designed to estimate housing need by tenure and property size. It has been used to generate the estimates of housing need required to inform:

- **A States Strategic Housing Indicator** – an estimate of the total number of additional housing units required to meet the Island's housing needs. The proposed SSHI estimates housing need between 2023 and 2027, including an average annual need.
 - **A Private Market Indicator** – the proportion of the SSHI which needs to be made available in the private market.
 - **An Affordable Housing Indicator** – the proportion of the SSHI which will need to be available as Affordable Housing, i.e. housing which is owned and managed by the States or the GHA and which is reserved for people who cannot meet their needs in the private market.
 - **Social Rental** – within the Affordable Housing Indicator, comprises the proportion of units which need to be made available, at a subsidised rent, to qualifying households.
 - **Partial Ownership** – the housing need for the Partial Ownership scheme (a scheme through which people may a portion of a property and pay a discounted rent on the remaining portion).
- **Property Size Indicators** – based on the number of bedrooms, these indicators represent the mix of property sizes required in each tenure.

2. Why have indicators for Key Worker and Specialised Housing not been provided?

At this stage, the model has not been used to itemise accommodation requirements in the Key Worker Housing and Specialised Housing tenures. Existing housing, and the households residing in this housing, have been excluded.

Whilst the model can break the SSHI down to this level, specific indicators for these individual tenures will not be proposed until work on the Key Worker Housing Project, Elderly Tenures Project and Market Intervention Project²⁶ have been completed. These

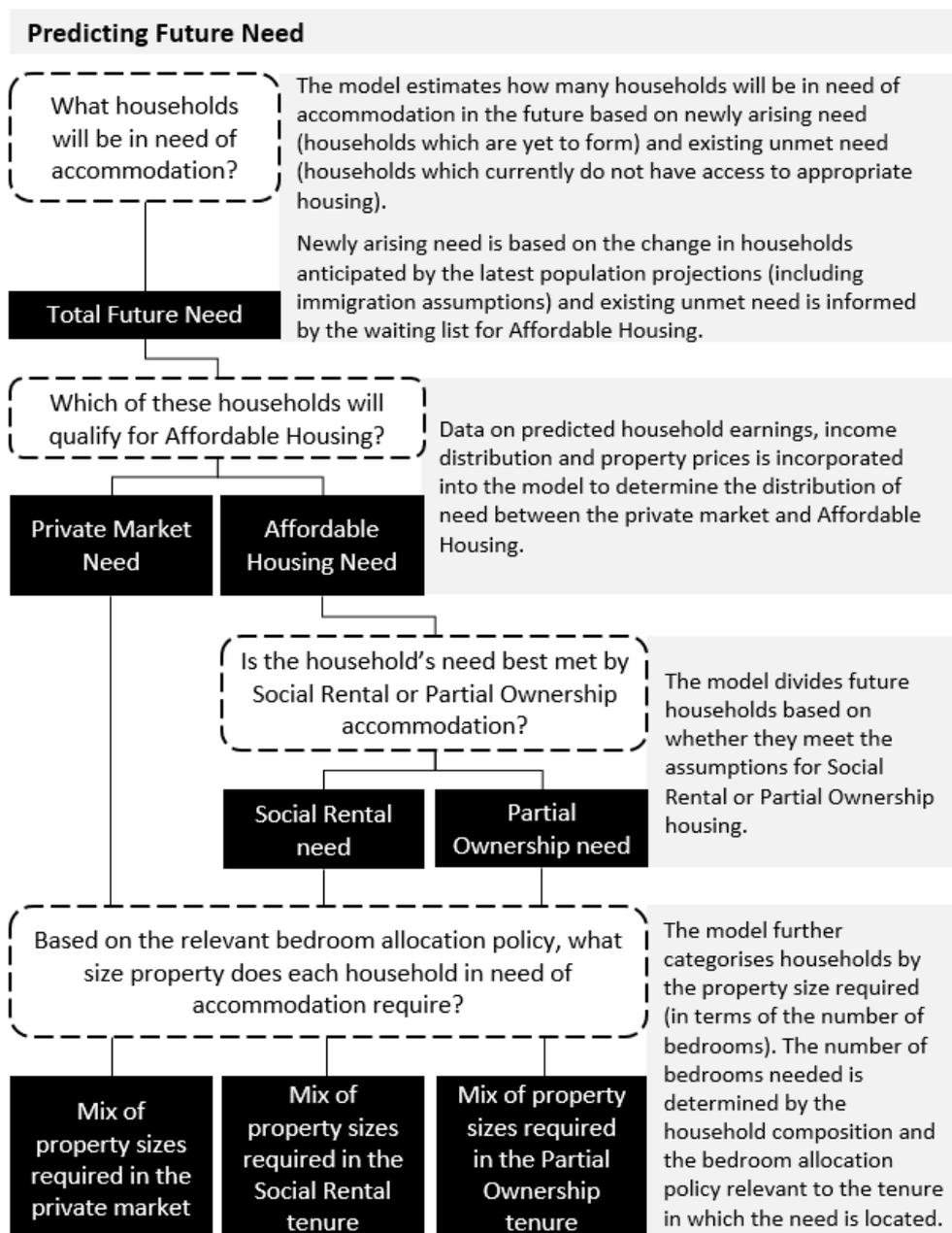
²⁶ These three projects are prioritised for commencement in 2023 in the Government Work Plan 2022, Billet d'État X, 2022

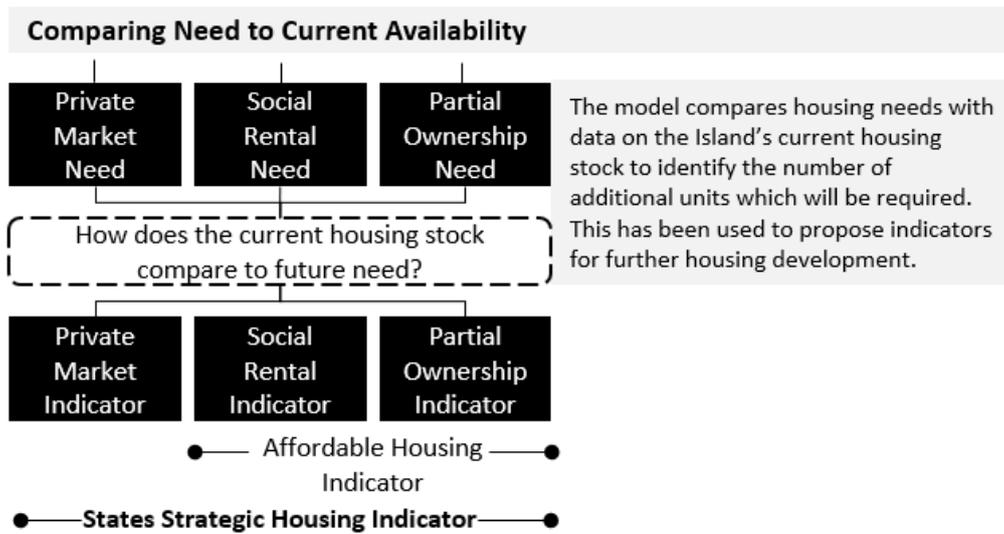
projects are likely to have a significant impact on the policy context for Key Worker and Specialised Housing and, as relatively small tenures, a change in policy position has the potential to have a material impact on the projected need.

Once these tenures are added to the model, there is the potential for the overall Affordable Housing Indicator to increase. Households which would qualify for Key Worker or Specialised Housing, but are not living in categorised key worker accommodation, are still included in the model. The model assumes that key workers or those in need of specialised accommodation in the future will continue to have their needs met in the tenure where they are currently housed.

3. How does the model estimate future housing need?

The model considers the difference between the Island’s current housing stock and the housing needs of the future population.





4. What data has been used to project the requirements of future households?

Guernsey's Housing Needs Model draws on multiple databases to help estimate the Island's housing need.

The main sources of data are:

- **Rolling Electronic Census**²⁷ – the model uses the Rolling Electronic census data to identify and contextualise existing households. The census collates data from multiple sources on a regular basis (such as the tax system and social security contributions).
- **Population Projections** – the model uses the latest population projections, released in 2022, to forecast the number and structure of future households. In line with recently agreed policy, the results are based on 1.5 Fertility and +300 net migration.

As Affordable Housing tenants are required to submit household data to inform their eligibility assessment, the data available on households in the private market and the Affordable Housing Market is available in different levels of detail and from different points in time.

- **Private Market**
The private sector projections are based on household composition data from the Rolling Electronic Census as at 31/12/2017. i.e. the number of people in a

²⁷ The last traditional census in Guernsey was held on 29th April 2001. A reliable method for counting the population using administrative records was developed in 2006 and has subsequently been developed upon via the Rolling Electronic Census Project. As a result of the Project, comprehensive Guernsey population statistics are available more frequently than in other jurisdictions and at a lower cost. The first collection of information, which was published in the Electronic Census Report in March 2015, includes a breakdown of population by parish, school catchment and (then) voting district along with a host of other information in addition to regular updates to population trends.

household and their age and gender. This is the latest available household data which includes relationships links within the household e.g. cohabiting couple, child etc.

The model is also able to identify households which may be eligible for Affordable Housing by assessing their household income in 2017 inflated to 2021.

This is the best available data that Guernsey currently has in this area.

- **Affordable Housing**

The States has more detailed and recent data to inform the Affordable Housing market projections. The model uses household data collected by the Committee *for* Employment & Social Security on the composition of existing tenant households, i.e. the number of people in a household and their age and gender, as at 31/12/2020.

The model also uses the waiting list from Q4 2021 for Social Rental Housing to estimate current unmet need. Households on the waiting list are assumed to be currently inappropriately housed, either in other Affordable Housing properties or in the private market and need to be added to the Affordable Housing Indicator outside of the 25% transfer of newly arising demand (see FAQ 9 for more detail).

The waiting list for Partial Ownership Housing was not added to the unmet need component of Affordable housing. It was assumed that these households are currently appropriately housed and that their need would be accounted for by the transfer of 25% of the newly arising demand in the private market (see FAQ 9 for more detail).

5. **What data is used to understand current housing availability?**

The model uses data on Guernsey's existing domestic property units, including:

- The **tenure of the property** (e.g., private market or affordable) this matches the household data from 2017.
- The **type of property** (i.e. house, bungalow, apartment etc.) as at 31/12/2020.
- The **number of bedrooms**. This data was originally collected in 2001 but has been adjusted to improve accuracy (see FAQ 7).

6. **What has been excluded from the model?**

Only households residing in Guernsey are included in the model.

The private market modelling excludes entirely hotel and staff accommodation as they do not represent suitable accommodation for long-term occupation and any resident

households are assumed to be in the Island for a short term only. All dedicated Key Worker Housing is also excluded from the dataset.

The remaining data must meet strict criteria to be used to project the number of different household compositions in the future and the final count of each household type is then adjusted to meet the total number of households originally included in the model. In order to be used in the forward projections the data must meet the following criteria:

- Be a consistent household (household members have been consistent for a period of time i.e. one year),
- Be a household with at least one adult in the household,
- Be a household with less than 10 occupants, and
- Be a household with a valid no. of bedrooms i.e. >0.

The model uses the data that meets the criteria to adjust the qualifying households to the total households for the base year of 2017 and then projects forward based on the population projections.

For the Affordable Housing Market, households residing in specialised housing, such as care homes, sheltered/supported living and key worker accommodation, have been excluded from the Affordable Housing model.

7. How has the data on housing stock been adjusted to ensure it is as accurate as possible?

Housing Stock: Whilst full 2022 data is not yet available, adjustments have been made to account for the 460 new builds in the private sector that, through planning and building control data, are known to have been built between 2018 and Q3 2022.

Bedroom Number: Comprehensive bedroom data was last collected as part of the final traditional census in 2001. The data is updated each time a property has been put up for sale. An exercise carried out showed that since 2016 approximately 20% of properties had been updated. All updates included in the bedroom data as of March 2022 have been reflected in the model.

The data has also been adjusted based on property extensions since 2001. An additional bedroom has been added to properties which:

- Have been identified as having an extension approved by planning since 2001,
- Have been identified as having started construction for an approved extension application,
- Are categorised as a 'Bungalow' or 'House',
- Do not have zero bedrooms recorded in data provided by Data Analysis team i.e. the data is incomplete, and
- Have not been updated after the construction start date of the extension.

It is acknowledged that not all extensions result in an additional bedroom, however this overcount may be offset by the unseen increase in bedroom numbers resulting from internal subdivisions or room conversions that may not have gone through Planning.

8. How have households been divided between Private Market and Affordable Housing?

The projections for Affordable Housing are based on those households currently residing in Social Rental and Partial Ownership Housing, the waiting list for Social Rental Housing and a percentage of the newly arising need in the private sector between now and 2027.

An analysis of household earnings, income distribution and property prices determined that 25% of the newly arising need projected in the private market would need to be met through Affordable Housing. Of this 25%, 9% of newly arising need was allocated to Social Rental Housing to reflect the current proportion of Social Rental to private market properties. The remaining 16% was allocated to Partial Ownership Housing (as this provision should adequately cover the Partial Ownership waiting list, the Partial Ownership waiting list has not been included in the modelling for Affordable Housing unmet need (see FAQ 4)).

9. How has housing need been categorised by property size?

The model is capable of projecting property size requirements based on a mix of different bedroom allocation profiles. The model allows the user to select a percentage from each of the profiles and view the number of additional properties needed by the number of bedrooms required. The four profiles are:

- **Current Profile:** This profile assumes all households are suitably housed and will remain in their current sized property unless they are on a waiting list for a tenure of Affordable Housing. It projects the housing stock required based on current profile and behaviour trends, i.e. that where there is a pattern of under or over-occupancy of properties this behaviour will continue. This is the approach taken in previous housing need studies and does not attempt to directly match housing property size with actual housing needs. Instead, it represents the current behaviour of demand for certain property sizes in the marketplace. Under this profile, for example, a pensioner household currently occupying a four-bedroom property will be assumed to require a four-bedroom property going forward.
- **Minimum Profile:** Under this profile, one bedroom is allocated to each of the following in a household:
 - a) A co-habiting couple,
 - b) Up to two children under 11 years,
 - c) Up to two children of the same gender between aged 11 to 18 years, and
 - d) Any single adult over 18 years.

This profile represents a strict application of the Social Rental Allocation and Eligibility Policy used for housing social rental tenants.

- **Intermediate Profile:** This profile is similar to the minimum profile however it ensures that each child and single adult has their own bedroom. One bedroom is allocated to the following:
 - a) A co-habiting couple,
 - b) Each child, and
 - c) Any single adult over 18 years.

- **Maximum Profile:** Under this profile, each household is allocated a spare bedroom above the intermediate requirements of the projected household members. One bedroom is allocated to the following:
 - a) A co-habiting couple,
 - b) Each child,
 - c) Each single adult over 18 years, and
 - d) A spare bedroom.

10. What is the basis for the bedroom allocation policies adopted for each tenure?

The following profile mixes have been applied to each tenure:

Tenure	Split	Reasoning
Private Market	85% Current, 10% Maximum and 5% Intermediate	The current usage of stock in the private market shows a significant degree of underoccupancy, particularly in larger properties and amongst pensioner households. Wider housing policy is likely to encourage a degree of right-sizing to improve housing efficiency. The proposed split allows for some reduction in underoccupancy whilst assuming that, in the short term, current behaviours and demands are likely to continue for the majority of the Island's households.
Social Rental	90% Minimum and 10% Maximum	The minimum profile is based on the existing allocation policy for Social Rental housing. A number of tenants, however, have more complex needs (such as shared custody arrangements or care requirements) which demand a spare bedroom. An analysis of tenant and prospective tenant households suggests about 10% of social rental households require the maximum profile (a single spare bedroom).
Partial Ownership	70% Intermediate	The policy of the Partial Ownership scheme was recently updated to enable households to purchase properties with a spare bedroom. This was intended

	and 30% Maximum	to allow families to purchase properties which allowed for a change in household composition in the future. There is not yet sufficient data to precisely predict take-up of properties with a spare bedroom, however an estimated 70/30 split has been applied at this stage to represent a balance between aspiration and affordability.
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The bedroom allocation policies for each tenure are applied independently and can be varied in future iterations of the model to reflect any changes in policy or circumstance.

11. How have the results been adjusted for negative requirements?

In comparing housing need and current housing stock, the model has the potential to generate negative results. This will occur where there is an excess number of existing properties relative to the projected need in the category. For the private market and Partial Ownership Housing, it is assumed that excess properties in one category will be inhabited by households which, under the bedroom allocation policy, would be assigned larger or smaller properties. The application of this assumption is illustrated in the table below. Please note that the numbers used in the table are for illustration only and are not the same as the figures proposed for the 2023-2027 SSHI.

No. of Beds	Diff with base 2027	Required by 2027	Adjustment
1	(150)	0	There is an oversupply of one-bedroom properties. This has been adjusted to 0 in the indicator.
2	295	145	It is assumed that the oversupply of one-bedroom units will be occupied by some households which would be allocated two-bedroom properties under the bedroom allocation property. This has reduced the indicator to 145 properties (295-150).
3	740	740	The need for three-bedroom units has not been adjusted.
4	210	137	It is assumed that the oversupply of units with over five bedrooms will meet part of the need for four-bedroom properties. The indicator for four-bedroom properties has been adjusted from 210 to 137 to reflect this over supply (210-(77-4)).
5	4	0	It is assumed that four of the excess properties with more than five bedrooms will be used to meet the need for all households requiring four beds, this reduces the indicator to zero.

>5	(77)	0	There is an oversupply of 77 properties with over five bedrooms, the indicator has been adjusted to zero.
	1,022	1,022	

The same assumption has not been applied in the Social Rental Housing tenure. Social Rental Housing Landlord rights in place for the GHA and the States allow Social Rental households to be transferred between housing stock to limit under-occupancy and ensure a greater efficiency in the use of accommodation. In addition, there is a pool of Social Rental applicants and occupiers with specific accessibility, medical and mobility needs that mean it is not possible for them to under-occupy a standard three-bed property, further reducing the suitability of automatic adjustments.

12. What time-period does the model cover?

The model can be adjusted to project housing need at different points in time. In this case, housing need in 2027, to inform the five-year indicator, and in 2040, to understand potential long-term requirements, have been calculated.

APPENDIX 3

ALTERNATIVE BEDROOM ALLOCATION PROFILE SPLITS IN THE PRIVATE SECTOR

Scenario 1: 100% Current Profile (least efficient use of housing)

When 100% current profile is used to project the distribution of property sizes needed in the private market, the housing requirements model projects that only 3- and 4-bedroom units would be required.

Whilst this would likely be the most aligned to the current market structure, it does not provide for the smaller properties which will be needed to encourage right-sizing or support first-time buyers.

Private Market Indicator			
100% Current Bedroom Requirement, 0% Maximum Bedroom Requirement, 0% Intermediate Bedroom Requirement			
No. of Bedrooms	Number of Additional Units Required by 2027	Number of Additional Units Required by 2027 (adjusted)	Number of Additional Units Required by 2040
1	-176	0	0
2	108	0	219
3	687	619	1168
4	251	225	431
5	11	0	53
5+	-36	0	0
TOTAL	844	844	1,871

Scenario 2: 75% Current Profile, 15% Maximum Profile and 10% Intermediate Profile

Under a bedroom allocation policy of 75% current profile, 15% maximum profile and 10% intermediate profile, only 1- and 2-bedroom properties would be needed.

This property size distribution would increase the supply of properties suitable for right-sizing, however it risks increasing the pressure in the housing market around 3- and 4-bedroom properties as it cannot be assumed that a sufficient number of households currently under-occupying properties will move into smaller properties over the next five years, especially without right-sizing incentives in place.

Private Market Indicator			
75% Current Bedroom Requirement, 15% Maximum Bedroom Requirement, 10% Intermediate Bedroom Requirement			
No. of Bedrooms	Number of Additional Units Required by 2027	Number of Additional Units Required by 2027 (adjusted)	Number of Additional Units Required by 2040
1	440	440	555
2	974	404	1316
3	-374	0	0
4	-9	0	0
5	-96	0	0
5+	-91	0	0
TOTAL	844	844	1,871

Scenario 3: 50% Current Profile, 30% Maximum Profile and 20% Intermediate Profile (most efficient use of housing)

Scenario 3 illustrates property size requirements should further pressure be put on the market to use land and housing more efficiently. Under this bedroom allocation policy, only 1-bedroom properties would be expected to be needed.

It is very unlikely that, even with incentives, housing behaviours will be able to change this significantly in the next five years alone. As opportunities to right-size are made available, some under-occupying households will relocate, however, it is not expected that these moves from larger properties alone will be sufficient to cater for the larger property demands of the remainder of the private housing market. This change in behaviour appears too significant without a fuller scheme for encouraging and enabling right-sizing.

Private Market Indicator			
50% Current Bedroom Requirement, 30% Maximum Bedroom Requirement, 20% Intermediate Bedroom Requirement			
No. of Bedrooms	Number of Additional Units Required by 2027	Number of Additional Units Required by 2027 (adjusted)	Number of Additional Units Required by 2040
1	1056	844	1267
2	1840	0	604
3	-1435	0	0
4	-269	0	0
5	-203	0	0
5+	-145	0	0
TOTAL	844	844	1,871

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE FOR THE ENVIRONMENT & INFRASTRUCTURE

THE STATES STRATEGIC HOUSING INDICATOR, 2023-2027

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

5th January, 2023

Dear Sir,

Preferred date for consideration by the States of Deliberation

In accordance with Rule 4(3) of the Rules of Procedure of the States of Deliberation and their Committees, the Committee *for the* Environment & Infrastructure requests that the States Strategic Housing Indicator, 2023-2027 be considered at the States' meeting to be held on 15th February, 2023.

Yours faithfully,

H L de Sausmarez
President

S P Haskins
Vice President

A Cameron
S Fairclough
A Gabriel

J Niles
Non-States Member
M Palfrey
Non-States Member