

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

28th June 2022

Proposition No. P.2022/41

Policy & Resources Committee

Government Work Plan 2022

AMENDMENT

Proposed by: Deputy P.J. Roffey

Seconded by: Deputy H.L. de Sausmarez

At the end of Proposition 1 insert the following:

“and to direct the Committee *for* Employment & Social Security, in consultation with the Committee *for the* Environment & Infrastructure, to report back to the States as soon as practical with proposals for a scheme aimed at promoting and facilitating home ownership of a percentage of those homes built on land acquired by the Guernsey Housing Association (‘GHA’) for future affordable housing developments and involving the following main features –

- i) relevant properties to be offered for sale to qualifying purchasers at 75% of market value,
- ii) restriction on onward sale at any more than 75% of market value at time of sale,
- iii) GHA to have first option to repurchase.”

Rule 4(1) Information

- a) The proposition contributes to the States’ objectives and policy plans as it is in line with the States strategic objective of providing affordable housing.
- b) In preparing the proposition, consultation has been undertaken with the Committee *for* Employment & Social Security and the Housing Action Group and the concept has been shared with the Committee *for the* Environment & Infrastructure.

- c) The proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.
- d) There are no financial implications to the States of carrying the proposal into effect.

Explanatory note

Summary.

The sort of scheme described in this amendment is well tried and tested elsewhere, and has been under discussion between the Guernsey Housing Association ('GHA') and the Committee *for* Employment & Social Security ('the Committee') for some time. Both the board of the GHA and the Committee have expressed strong support for its development.

The main drive for implementing such a scheme is to support the Guernsey tradition of home ownership and a desire to facilitate it as far as possible.

It is accepted that there may be other market intervention schemes (such as assistance with deposits) which may also be considered under proposition 1.i but these are not mutually exclusive and indeed could work together.

The particular advantage of this sort of scheme is that it is one of the few types of market intervention which does not tend to stoke house price inflation by adding any more money to an already "hot" housing market.

The reasons for promoting home ownership.

Guernsey has a long tradition of a high proportion of home ownership. While in no way denigrating other housing tenures, such as rental or partial ownership, we feel that tradition should be fostered and promoted wherever possible for several reasons.

The first is simply because we know very many Guernsey people want to own their own homes. It is their legitimate aspiration and, while it may not be possible for such hopes to become reality in all cases, we think government should facilitate them wherever practicable.

The second is that if people are driven to achieve home ownership, and are unable to do so in Guernsey, some will consider moving elsewhere to realise that aspiration – something Guernsey can ill afford given its current well-documented skill/labour shortage.

The third is that in the long term a high percentage of home ownership tends to greatly reduce the welfare payments needed to tackle poverty amongst the elderly. This is

because Guernsey's income support scheme factors in rental payments when calculating applicants' requirement rates.

The advantages of mixed tenure developments. Why build such homes on affordable housing developments? The simple reason is that it is the vision of those involved with affordable housing provision to move away the old tradition of estates of purely social rental housing. Indeed, this is already happening, with new developments being a mix of Key Worker Accommodation, Partial Ownership and Social Rental. Adding a percentage of wholly owned properties into the mix will widen the diversity of tenure and far more closely resemble a cross section of our entire community.

Will it require more land for affordable housing?

Inevitably, if a percentage of the plots on sites acquired for affordable housing by the GHA are used for this new tenure then it will require a commensurate increase in the total number of plots so acquired. Not to do so would risk reducing the actions being taken to address the well-documented demands for social rental, partial ownership or key worker housing.

So if, say, 10% of the homes on affordable housing sites were to be used in this way then 10% more plots would need to be acquired in total for the holistic affordable housing programme. However, such sites, other than those produced by GP11, tend to be bought by the GHA using States grants –in other words, taxpayers' money. Therefore it seems to us completely legitimate to use those sites to help as many islanders as possible, including those who aspire to home ownership but are currently excluded from it by Guernsey's very high property prices.

Who is it aimed at?

It will be a very focused market. The GHA will not accept applicants who can clearly afford to buy on the general housing market. It will however tend to be those with slightly greater resources than the typical applicant for partial ownership – although there could be some overlap.

It differs from partial ownership in many ways: for example, it will involve complete freehold ownership as opposed to leasehold; lenders will usually require purchasers to provide a deposit; there will be zero rent to pay; and the properties can be inherited.

Deliverability.

Such schemes have a proven track record elsewhere, the GHA are ready and willing to proceed with it and have checked with local mortgage providers that they would be willing to lend on properties bought in this way. The scheme is 100% deliverable.

Why now?

Because the need is now. We believe the many islanders who aspire to, but are currently excluded from, home ownership need action and not just fine words. Unless they can

see a clear path to achieving their legitimate life goals they may well give up on the island. Guernsey owes it to our own sons and daughters to do better by them than that.

We understand there is a view in some quarters that, despite this scheme being able to proceed relatively quickly, it should be parked for consideration as part of a broader investigation of possible market interventions. We respectfully disagree. The time has come to move quickly and purposefully towards real and deliverable plans rather than constantly waiting for more wide-ranging reports.

The reason the amendment is required is that it is not 100% clear whether this scheme could be regarded as a top priority under the propositions regarding housing contained in the GWP as currently drafted. While it could be argued that the existing propositions do allow the scheme to be prioritised this amendment is intended to put that priority beyond doubt.

The details of this scheme can be brought back to the States in time for its implementation as part of the next tranche of GHA developments such as the Fontaine Vinery and Parc Le Lacheur. On behalf of those with aspirational natures but of limited funds we are asking for permission to bring back those detailed proposals as soon as possible.