

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

17th October 2023

Proposition No. P.2023/101

Policy & Resources Committee

Funding & Investment Plan

AMENDMENT

Proposed by: Deputy P.J. Roffey

Seconded by: Deputy H.L. de Sausmarez

1. To insert the following Proposition immediately after Proposition 7, regardless of which other Propositions are approved:

“7A. To authorise the Policy & Resources Committee to take out new external borrowing up to a maximum of £150million, for a period of up to 40 years, on such terms and conditions as the Committee deems appropriate, specifically to lend on to the Guernsey Housing Association, or another provider of affordable housing, to fund the Affordable Housing Development Programme and to be repaid over the life of the borrowing at a rate calculated to ensure that there are no residual costs to the States of Guernsey.”

Rule 4(1) Information

- a) The propositions contribute to the States’ objectives and policy plans and are in line with the Government Work Plan priorities.
- b) The Policy & Resources Committee has been consulted on this amendment and is supportive of the funding being provided to the Guernsey Housing Association through a government loan as this provides the Association with the lowest cost option and access to a long-term fixed rate. The Policy & Resources Committee has advised that should the States approve this, and any other borrowing proposals, the Committee would seek to structure the borrowing to provide the least cost solution with the best overall benefit and would therefore look at it in the round.
- c) The propositions have been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.

- d) The financial implications to the States of carrying the proposal into effect are negligible as all costs will be covered through lending funds to the Guernsey Housing Association or another provider of affordable housing.

Explanatory note

The Island's Affordable Housing requirements were endorsed by the States of Deliberation in March 2023. At this meeting, the States of Deliberation agreed that the Affordable Housing Indicator be set at creating 721 units of Affordable Housing between 2023 and 2027. As set out in that Policy Letter, the Affordable Housing Indicator currently only projects the housing requirements of the social rental and partial ownership tenures of the legal definition¹ of 'Affordable Housing'. The housing requirements of key worker housing and specialised housing, both tenures of 'Affordable Housing', are in addition to these 721 units.

Based on the most up to date data available, it is estimated that in the region of 1,000 Affordable Housing units need to be created to meet the Island's current and projected Affordable Housing needs over the next five years.

Government has a responsibility to meet these housing requirements through supporting and enabling the delivery of the Affordable Housing Development Programme. It has control over delivery through funding allocations and funding arrangements in place to support site acquisitions and build programmes.

Funding from the government is a key enabler of the Affordable Housing Development Programme both in terms of capital grants provided and through supporting and/or enabling longer term borrowing arrangements to the provider. This Amendment focuses solely on the latter - earmarking borrowing to support the chosen developer in progressing the Affordable Housing Development Programme.

To deliver the Affordable Housing Development Programme, in addition to capital grants, the Guernsey Housing Association (or another provider of affordable housing) has utilised long-term borrowing from the States Bond to finance its developments. This is invested into the development(s) and is repaid to the States through the rental income generated by the tenanted properties. It is a secure repayment scheme over the agreed borrowing term.

Although the Funding and Investment Plan refers, at paragraph 15.41, to the potential future borrowing requirements of the Guernsey Housing Association and states that an indicative amount of £100m has been assumed for planning purposes, there is no accompanying Proposition in this respect.

This Amendment seeks authorisation from the States of Deliberation for the Policy & Resources Committee to borrow up to £150m specifically to lend to the Guernsey Housing Association, or another Affordable Housing provider, to fund the development of units. The

¹ [The Land Planning and Development \(Planning Covenants\) Ordinance, 2011](#)

difference to many other projects requiring capital expenditure is that the developed housing units will generate a rental income that will be used to service and repay the loan. This provides borrowing security for the Affordable Housing provider in delivering the much-needed Affordable Housing units to Guernsey, while also giving security to the States that this borrowing will be repaid through a safe income stream.