

JERSEY ISLAND PLAN INTERIM REVIEW 2013

Second round representations

Re first session of the EIP, on overall housing policy, demand/need, and funding and affordability issues

SESSION 1 QUESTION 1

- 1) My comments address Question 1 - the issue of “demand for homes” and questions 7 - setting aside H3 and Question 9 – land development levy
- 2) Question 1 – “demand for homes”**
- 3) The Minister in his response to my comments on population sidesteps the issue. He writes in his responses: “The Island Plan simply seeks to respond to the direction provided by the States Strategic Plan and does not determine policy related to population and immigration.” He is saying in effect: ‘This is not my baby. My plan / review is just responding to population growth as set by the States.’ Two observations:
- 4) **Observation 1.** Chief Minister Gorst has acknowledged a huge public concern on this issue and has announced in zzz that the Council of Ministers would bring a policy proposal to the States and have a set-piece debate on the issue before the end of this year 2013. The [policy/target is NOT set, in fact quite the opposite – it is in complete flux.
- 5) **Observation 2.** The Minister is the Minister for Planning, that is, he is the one charged with looking ahead, matching the island’s resources of land, natural beauty, social cohesion and infrastructure to future trends and needs. And if a trend or “need” cannot be met, if it is, in the light of the factors I have listed, unsustainable, then it is his duty to blow the whistle and say so. If not him, then who?
- 6) He is not the Minister for “filling-in-every-space-on-the-map-with-housing, regardless of the consequences. He is the Minister for Planning, and that means taking account of those consequences, taking account of the known views of the public (who do seem to take account of them) and alert his colleagues and fellow islanders of the true state of affairs, in planning terms.
- 7) Question 7 - setting aside H3 and Question 9 – land development levy**
- 8) The old policy H3 would have required the provision of affordable homes as a proportion of private housing developments (or a compensatory levy). The industry – construction industry, developers and landowners brought pressure to bear (in an unmonitored and behind-the-scenes process) and succeeded in making the Minister back down.
- 9) Having abandoned H3 the new Minister now says two things in his responses:.. First he says; “The Minister’s proposed change to the definition of Category A homes, which restricts their occupation/purchase by people on or below median incomes will serve to suppress land value.” Second he says: “furthermore, whilst Policy H3 is proposed to be set aside, the Minister’s Proposal H3 seeks to ensure that the development value of land will be captured once a suitable mechanism to achieve this is developed.”
- 10) **The ““suppressing the end-value” argument.**
- 11) Firstly I am not sure what the Minister’s reply (I repeat it here for clarity: “*The Minister’s proposed change to the definition of Category A homes, which restricts*

their occupation/purchase by people on or below median incomes will serve to suppress land value.") actually means. It does not make sense if construed as one would normally try to construe it.

- 12) Secondly, people will sell their land at the price implied by the going rate for housing on that site (where land value = selling price *less* profit *less* costs-of-construction). They may refuse to sell if the housing category to be built on their land reduces its value forcibly, that is by policy. This means that it is likely that Compulsory Purchase would have to be used. So these owners are being forced to sell for far less than they would otherwise get, which is discriminatory and unfair. I can see legal problems ensuing.
- 13) OR, the Compulsory Purchase takes place at the market price, and the houses are then sold at an "affordable" price, that is, at a loss, taking into account the price paid for the land. This loss is then picked up by the taxpayer. In this scenario money is going straight from the pockets of the taxpayer into the pockets of the landowner as an unearned gift. This is also discriminatory and unfair.
- 14) Neither scenario is acceptable as an outcome of considered public policy, a policy which is the most widely consulted on and considered legislation in Jersey. Is this what the Minister, in all conscience, can want? Is this what an EIP can in all conscience recommend?
- 15) So what I am saying is that what the Minister proposes here is so problematic as to be unworkable. I turn now to the land development levy.
- 16) The "we will capture some of the uplift in value" argument.**
- 17) The Minister writes, in his responses: "the Minister's Proposal H3 seeks to ensure that the development value of land will be captured once a suitable mechanism to achieve this is developed."
- 18) He is in effect saying: "we will do this later" This is not good enough. It has to be done BEFORE the Plan revisions go to the States.
- 19) There are a large number of rezoning proposals in the review. Each and every one raises the same issues.
- 20) First, when land is rezoned or receives planning permission its value increases by between 80 and 200 times. This windfall gain goes only to landowners, and only those landowners whose land is developed.
- 21) Second, it is government policy which has created these astronomical land values, and it is administrative decisions and political decisions, taken as part of the Planning process, which decide just who it is who "hits the jackpot"..
- 22) Third, at the stroke of a planner's pen, followed by a political decision by one man (or woman), a resident becomes very, very wealthy. I think any right-thinking person must see that there is something quite wrong about this. It should make us feel distinctly uneasy, when the financial rewards of getting a permit for development are so enormous and are going to the very few. The smell of corruption, or the suspicion of corruption, is bound to be present at any point of the process, when financial gains on such a scale are in the balance.
- 23) So there is a corrosive effect here. These vast financial gains cast a shadow on all discussions and decisions concerning population and land use. Inevitably the question: "who owns this land?" (in other words – "who will become a millionaire?") is bundled in with the question: "is this the right place to put this sheltered housing/retail

outlet/etc.?" However much one might like to believe that the 2 questions can be held apart in people's minds, it is pretty clear to me that in practise they cannot.

24) The question of the uplift in land value has to be tackled. This is unearned financial gain on a very large scale. When land is rezoned or receives planning permission its value increases by between 80 and 200 times. We are talking millions here, money that firstly should not be handed by the taxpayer to private individuals as a direct result of public policy, and second which could be used to help to finance the provision of affordable housing. It looks pretty clear-cut to me.

25) Other matters

26) I notice that I am not alone in finding the presentation of the Minister's intentions very hard to follow. In fact so hard as to be off-putting. On matters surrounding the CNP and the Green Zone I just gave up. It could be presented as tracked changes?

27) The issue of empty houses. The Minister wrote in his responses: One in fourteen private dwellings (7%) were vacant at the time of the 2011 Census in Jersey (cf. 6% in 2001) Although there was no requirement for householders to give reasons for properties being vacant, some reasons were provided for around half of properties listed as vacant.

Over a quarter (29%) were vacant due to being between tenants, and nearly a quarter (23%) were second or holiday homes. Around one in five were in the process of being built or renovated.

On this basis, together with the fact that not all of these homes are suitable for affordable housing needs, the potential available vacant stock of housing could not be viably used to meet the current affordable housing shortage

28) Again less than clear. But on my reading this means substantial numbers of houses are second homes. I recommend thsat this issue is taken up seripously has been done elsewhere – Cornwall, wales, iirc).

29) Zzz

30) Zzz

Daniel Wimberley