Jersey's Future Housing Needs 2016 - 2018

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Summary

Based on the intentions of households and before applying affordability criteria, over the three-year period from 2016 to 2018:

- there is a potential shortfall of more than 1,000 units in the owner-occupier sector and in particular there is a large potential shortfall of 2- bedroom properties in this sector
- the overall supply of social housing is essentially the same as the potential demand
- the previous round of this survey had recorded an overall potential shortfall of social housing, suggesting that demand for social housing has decreased in recent years
- under current migration trends, there is a small overall surplus of registered accommodation

In respect of net migration:

- the potential surpluses and shortfalls in the qualified tenures of accommodation (available to those with entitled and licensed residential qualifications) are essentially independent of the level of net inward migration during the next three years
- levels of net inward migration below current trends give rise to greater potential surpluses of registered accommodation
- levels of net inward migration above current trends gives rise to a small potential shortfall of registered accommodation

In respect of affordability:

- applying practical affordability criteria (based on lower quartile property prices) considerably reduces the levels of the potential shortfalls in the owner-occupier sector implied by expressed intention alone
- in particular, the large shortfall of 2- bedroom owner-occupier properties is substantially reduced

Overview

This report provides estimates of Jersey's potential housing requirements for the three-year period 2016 to 2018 in terms of the type, tenure and size of dwelling unit.

The analysis contained in this report is based on a set of questions included in the 2015 round of the Jersey Annual Social Survey. The following issues are presented and discussed:

- estimates of potential:
  - demand by size, type and tenure of dwelling
  - supply (by size, type and tenure) from the existing dwelling stock
  - shortfalls or surpluses by size, type and tenure
- the effect of net migration on housing requirement
- affordability in terms of property purchase price and household income

This study provides a detailed picture of supply and demand resulting from the stated intentions of households in mid-2015.

Section 1: Type and size of dwelling unit

This table highlights the potential surpluses and shortfalls within each category of dwelling. The overall net shortfall of 760 dwelling units comprises a small surplus in 1- & 2- bedroom flats together with larger houses and shortfalls in smaller houses and 3 or more bedroom flats.

Table 1 – Surpluses and shortfalls (supply-demand) by type and size of dwelling, three-year totals

Type / size		Total supply	Total demand	Surplus	Shortfall
Flat	1 bed	3,520	3,340	180	..
	2 bed	2,210	2,020	180	..
	3 bed or more	180	420	..	(240)
House	1 bed	220	290	..	(70)
	2 bed	960	2,100	..	(1,140)
	3 bed	2,300	2,200	100	..
	4 bed or more	1,300	1,070	230	..
	Total	**10,690**	**11,450**	**690**	**(1,450)**

From the perspective of type and size of dwelling, Table 1 shows that over the next three years:

- the sum of all potential shortfalls is almost 1,500 dwelling units
- there is a large potential shortfall of 2-bedroom houses
- potential surpluses appear for larger sized houses, and smaller flats

Tables 2 and 3 present the estimated potential housing supply and demand, respectively, over the next three years (2016-2018)[1].

Table 2 - Supply by type and size of dwelling; three-year totals

Type / size		Existing	Leaving	Death & care	Total
Flat	1 bed	1,830	1,160	530	3,520
	2 bed	1,580	410	210	2,210
	3 bed or more	50	100	40	180
House	1 bed	70	70	80	220
	2 bed	610	160	190	960
	3 bed	1,630	340	340	2,300
	4 bed or more	910	230	160	1,300
	Total	**6,680**	**2,460**	**1,550**	**10,690**

[1] In the tables presented in this report, all numbers have been rounded independently to the nearest 10; numbers less than five are denoted by +. Individual rows or columns may, therefore, not sum to totals.

Table 3 - Demand by type and size of dwelling; three-year totals

Type / size		Existing	Concealed	In-migrant	Total
Flat	1 bed	870	720	1,760	3,340
	2 bed	1,070	470	480	2,020
	3 bed or more	250	40	130	420
House	1 bed	190	10	90	290
	2 bed	1,670	260	170	2,100
	3 bed	1,740	180	280	2,200
	4 bed or more	830	0	240	1,070
	Total	**6,630**	**1,680**	**3,140**	**11,450**

In overall terms, the total potential supply of all dwellings over the next three years is some 760 less than the total potential demand.

Over the next three years, almost three-quarters of the total potential demand is from existing households planning to move within Jersey.

Under current migration trends, in-migrant households will account for over a quarter of total demand over the next three years and, in particular, for over half of the demand for 1-bedroom flats.

Section 2: Tenure and size of dwelling unit

The previous section presented an analysis in terms of the type and size of dwellings.

In order to understand and identify in more detail where surpluses and shortfalls may potentially occur, it is necessary to examine the results in terms of the tenure of dwellings.

Table 4 – Surpluses and shortfalls (supply-demand) by tenure and size of dwelling, three-year totals

Tenure / size	Owner-occupier	Social housing	Entitled / licensed private rental	Registered accommodation	Total
1 bed	(310)	120	240	70	110
2 bed	(780)	(120)	(260)	200	(960)
3 bed	(250)	20	100	10	(130)
4 bed or more	(50)	(20)	140	150	220
Total	**(1,390)**	**0**	**210**	**430**	**(760)**

Table 4 indicates that the majority of the potential shortfalls over the next three years are within the owner-occupier sector. The largest shortfall being in owner occupier 2- bedroom properties, with a total shortfall of around 780 units.

Figure 1 below presents a visual representation of the potential surpluses and shortfalls shown in Table 4:

Figure 1 - Surpluses and shortfalls by tenure and size of dwelling; three-year totals

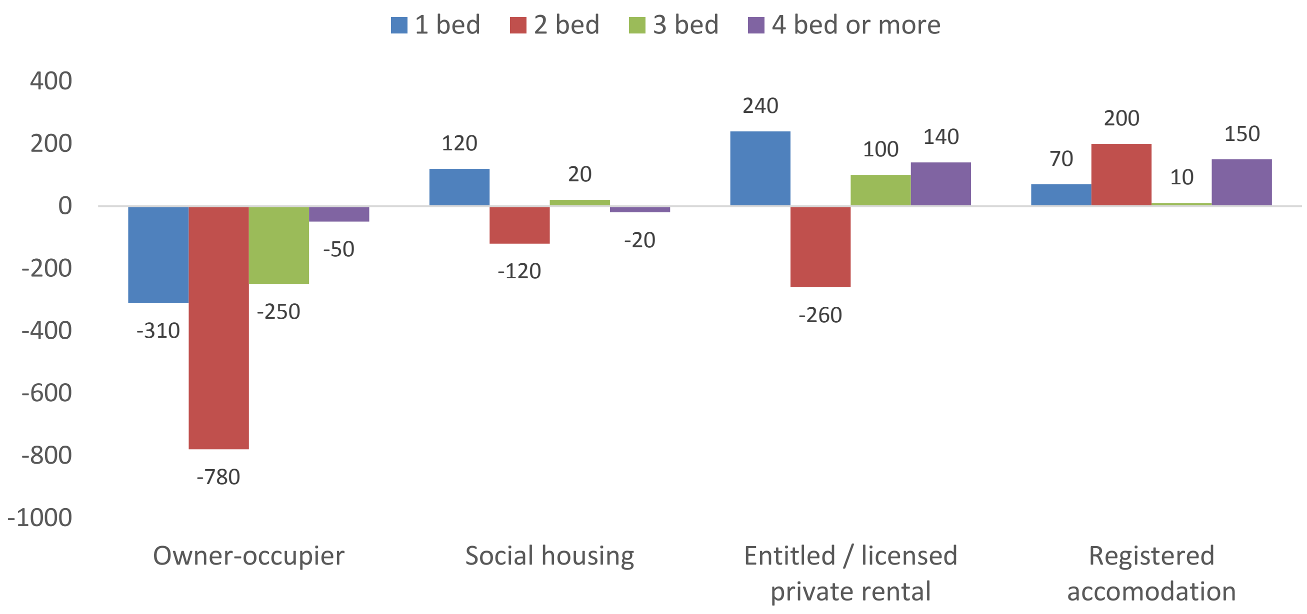


Table 5 presents the potential shortfalls and surpluses in the qualified sector (available to those with Entitled or Licensed residential qualifications) of Table 4 broken down into flats and houses.

Table 5 – Surpluses and shortfalls by flat and house in the qualified sectors; three-year totals

Tenure/Size	Owner-occupier		Social housing		Entitled / licensed private rental	
	Flat	House	Flat	House	Flat	House
1 bed	(350)	40	80	40	320	(80)
2 bed	(230)	(550)	90	(210)	(20)	(240)
3 bed	(90)	(160)	(20)	40	(40)	130
4 bed or more	+	(50)	+	(20)	0	140
Total	**(670)**	**(720)**	**150**	**(160)**	**260**	**(50)**

From Table 5 it is apparent that:

- potential shortfalls occur for almost all sizes of houses and flats in the owner-occupier sector and in particular there is a shortfall of over 500 1- & 2-bedroom flats as well as over 700 2- & 3-bedroom houses in this sector
- in the social housing sector the overall supply is essentially the same as the potential demand, but there is a potential shortfall of over 200 2-bedroom houses
- In the entitled / licensed private rental sector there is a potential shortfall of over 200 2-bedroom houses, however there is a potential surplus of over 300 1- bedroom flats.

Section 3: Effect of migration

Under current migration trends, during the next three-year period (2016-2018):

- over a quarter (27%) of the total demand for housing will be from in-migrant households who arrive in the Island in these three years
- almost three-quarters (71%) of the demand from such newly arriving in-migrant households will be focussed in the registered sector, corresponding to about 2,230 units
- almost three-fifths (59%) of newly arriving in-migrant households will live in 1-bedroom accommodation, predominantly in the registered sector

Any changes in net migration, different to current trends, will principally affect the levels of the potential shortfalls or surpluses in registered accommodation, and particularly of 1-bedroom properties.

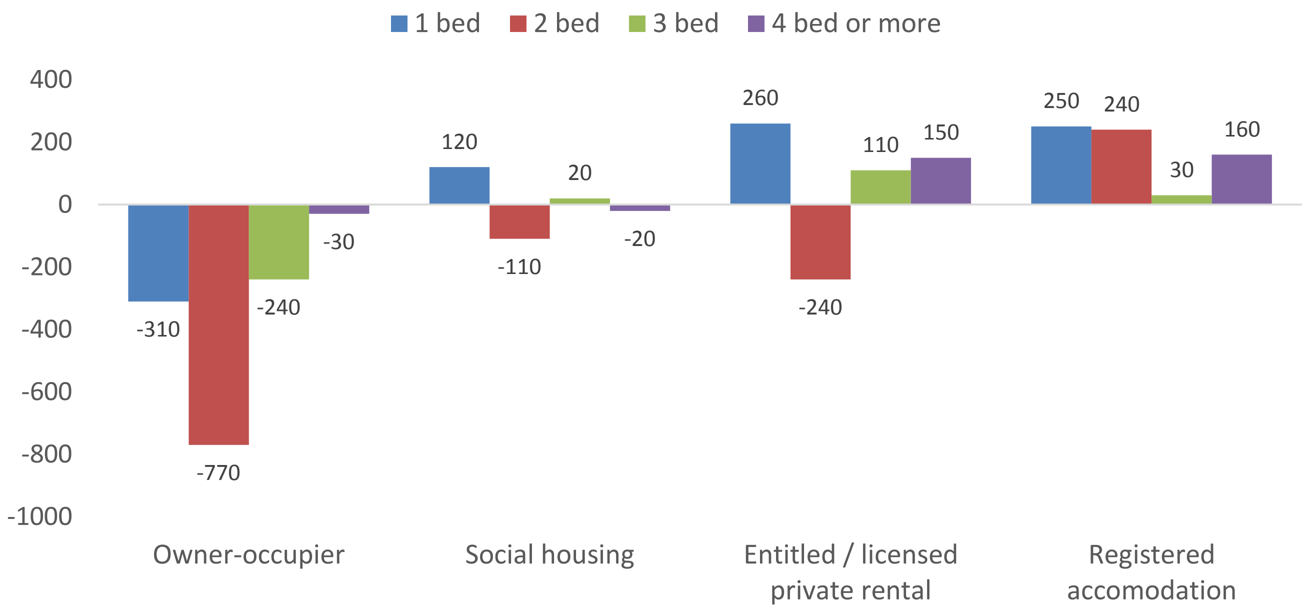
Although there is also demand from in-migrant households for accommodation in the qualified tenures (primarily from licensed households), **the potential shortfalls and surpluses in the owner-occupier, social housing and entitled / licensed private rental categories are relatively insensitive to the level of net migration in the short-term.**

Below we present two different scenarios for migration during the next three years, representing a reduction and an increase in inward migration respectively.

Under a +300 person per annum net migration scenario:

- the overall surplus of the registered sector increases, particularly in respect of 1-bedroom accommodation
- the potential shortfalls in smaller-sized owner-occupier accommodation are only marginally lower than those apparent under current migration trends

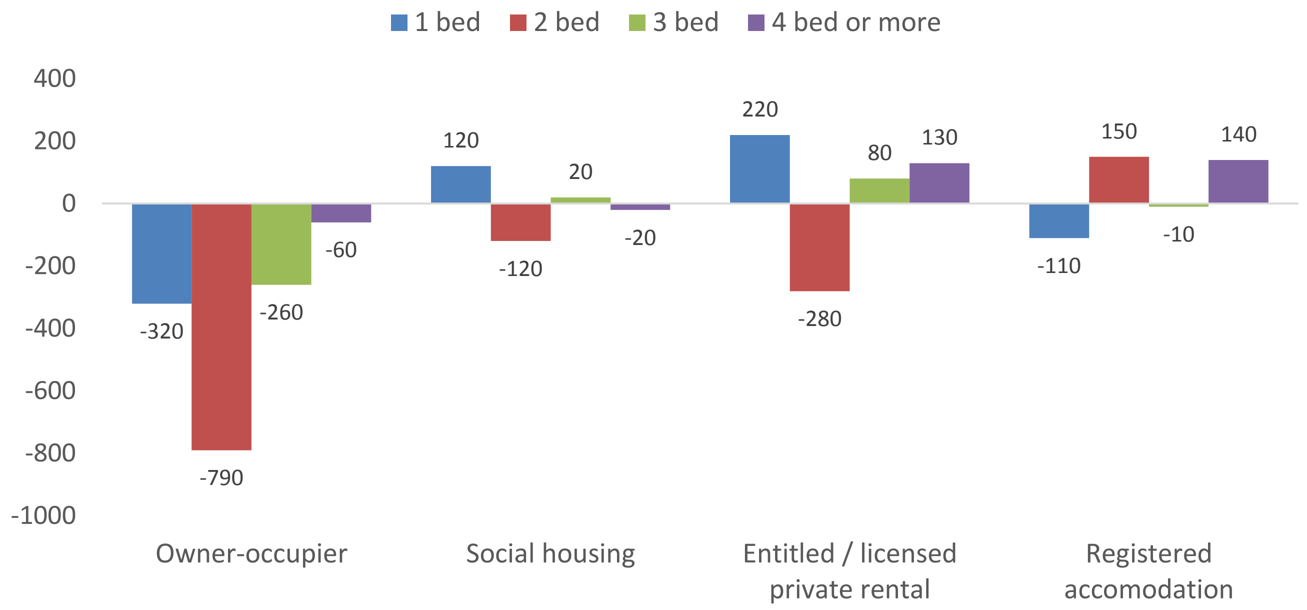
Figure 2 - Surpluses and shortfalls by tenure and size of dwelling; three-year totals under +300 net migration



Under a +700 person per annum net migration scenario:

- the supply of registered 1-bedroom units becomes insufficient to meet the demand for such properties and there is now a small shortfall for this class and tenure of property
- the potential shortfalls in smaller-sized owner-occupier accommodation are only marginally higher than those apparent under current migration trends

Figure 3 - Surpluses and shortfalls by tenure and size of dwelling; three-year totals under +700 net migration



Section 4: Affordability

Some 4,500 current resident households (either existing or concealed) indicated that they were planning to move into, or move within, the owner-occupier sector in the next three years. Over four-fifths (82%) of such households indicated that that they would intend to buy a property by means of a mortgage.

Table 6 shows that the proportion of concealed households who were planning to buy with a mortgage was greater than that of existing households.

Table 6 - Households planning to purchase in the owner-occupier sector; three-year totals.

	Existing		Concealed	
	Number	**Percentage**	**Number**	**Percentage**
Buy with mortgage	2,800	78%	900	98%
Buy without mortgage	800	22%	20	2%
Total	**3,600**	**100%**	**920**	**100%**

An affordability analysis was conducted to assess whether the total income of households planning to purchase property was sufficient to purchase a flat or house of the size that they had indicated.

The principal affordability analysis was based on the ratio of household income to price of dwelling (ratio analysis), with information from the Jersey House Price Index for the calendar year of 2015 used to calculate the lower quartile prices of each type and size of property.

As an initial analysis it is, therefore, informative to consider the effects of applying an affordability ratio of four to the potential shortfalls and surpluses shown in Table 4 (on page 3). After taking into account the available deposit indicated by respondents, households were removed from both the supply and demand analysis if the lower quartile price of the property they intended to purchase was more than four times their gross annual income. The resulting surpluses and shortfalls are shown in Table 7.

Table 7 – Surpluses and shortfalls (supply-demand) by tenure and size of dwelling removing lower quartile property price to household income ratios greater than 4; three-year totals

Tenure / size	**Owner-occupier**	**Social housing**	**Entitled / licensed private rental**	**Registered accommodation**	**Total**
1 bed	(140)	120	30	(80)	(80)
2 bed	(220)	(120)	(340)	90	(580)
3 bed	140	(10)	40	10	190
4 bed or more	190	(20)	140	150	450
Totals:	**(30)**	**(30)**	**(130)**	**170**	**(20)**

Compared with the results of Table 4 (no affordability criteria applied), Table 7 shows a change from there being an overall shortfall to a small surplus.

The most significant effects of the application of the affordability condition at the sector level are:

- owner-occupier: demand from existing and concealed households falls by almost half (from more than 4,500 to about 2,700 households), resulting in a much reduced shortfall in this sector
- social housing: is largely unaffected although there is now a small shortfall from its previously neutral overall position as a result of slightly reduced supply of larger properties
- entitled / licensed private rental: the previously seen surplus is affected by a lack of supply of 1- and 2-bedroom properties, resulting in a shortfall of around 130 properties in this sector
- registered accommodation: the potential surplus decreases, as households are not able to move into the owner-occupier sector, thereby reducing the potential supply in this sector

Section 5: Comparison with 2013-2015 housing needs assessment

In order to put the results of this assessment into further context, Table 8 provides a comparison of potential surpluses and shortfalls within each category of dwelling between the previous and current iterations of this report.

Table 8 – Surpluses and shortfalls by type and size of dwelling, three-year totals for 2013-2015 and 2016-2018

		2013-2015		2016-2018	
Type / size		**Surplus**	**Shortfall**	**Surplus**	**Shortfall**
Flat	1 bed	..	(470)	180	..
	2 bed	..	(90)	180	..
	3 bed or more	130	..	..	(240)
House	1 bed	..	(40)	..	(70)
	2 bed	..	(880)	..	(1,140)
	3 bed	..	(500)	100	..
	4 bed or more	380	..	230	..
	Total	**500**	**(1,970)**	**690**	**(1,450)**

From Table 8 it is apparent that since the 2013-2015 assessment:

- the sum of all potential shortfalls has reduced by approximately 500 dwelling units
- there has been a move from an overall shortfall to small potential surpluses in 1- & 2- bedroom flats
- there has been an increase in the potential shortfall of smaller houses, whilst there are now potential surpluses for larger houses

Table 9, below, provides a similar comparison but examining the results in terms of the tenure of dwellings.

Table 9 – Surpluses and shortfalls by tenure and size of dwelling, three-year totals for 2013-2015 and 2016-2018

	Owner-occupier		**Social housing**		**Entitled / licensed private rental**		**Registered private rental**	
Tenure / size	**2013-2015**	**2016-2018**	**2013-2015**	**2016-2018**	**2013-2015**	**2016-2018**	**2013-2015**	**2016-2018**
1 bed	(110)	(310)	(40)	120	(110)	240	(250)	70
2 bed	(720)	(780)	(360)	(120)	(90)	(260)	200	200
3 bed	(570)	(250)	(10)	20	210	100	(10)	10
4 bed or more	270	(50)	(10)	(20)	120	140	-	150
Total	**(1,130)**	**(1,390)**	**(420)**	**0**	**130**	**210**	**(60)**	**430**

From Table 9 it is apparent that since the 2013-2015 assessment:

- there has been an increase in the potential shortfall for owner-occupier properties, particularly in respect of smaller (1- and 2-bedroom) properties
- overall supply is essentially the same as the potential demand for social housing, but there remains a potential shortfall for 2-bedroom properties in this tenure category
- there has been a small increase in the overall surplus of entitled / licenced private rental properties
- there is now potential surpluses across all sizes of registered accommodation (formally unqualified), largely as a result of reduced anticipated trends of inward migration

Notes

Sample and response rate

As in the previous round of the housing needs survey, a set of questions relating to housing requirements over the next three year period were included within the most recent Jersey Annual Social Survey (JASS). A total of 3,200 households were randomly sampled, representing about 10% of all private households in Jersey. A response rate of 52% was achieved – an excellent response for a voluntary postal survey.

Survey data and weighting

Using information from the 2011 Census, the survey results from respondent households were weighted by tenure type and raised to the full Island total ("grossed up").

Migration

The numbers of potential inward and outward migrant households included in the main analysis are based on the recent trends in migration seen during the years 2010-2012. Over the next three-year period, 2016 to 2018, this corresponds to a net migration of approximately 1,500 individuals or 680 households.

Household

Is defined as one person living alone or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area.

Supply

The potential supply is based on the following categories of household:

- existing: dwelling units becoming available due to all members of existing households moving within Jersey
- leaving: dwelling units becoming available due to all members of existing households moving outside of Jersey
- death and care: dwelling units becoming available due to occupants dying or moving into extended care facilities

Demand

The potential demand is based on the following categories of household:

- existing: dwelling units required due to all members of existing households moving together within Jersey
- concealed: newly forming households (presently 'concealed' within existing households) emerging within the Island e.g. household members leaving their current home and establishing separate households; an adjustment is made to account for those households formed by members currently living in separate households in Jersey who are joining together to form a single household
- in-migrants: migrants arriving from outside Jersey to establish households

Supply of new dwellings

It should be emphasised that the supply component of this analysis does not include any new dwellings available at or completed since that time, nor any planned or approved developments.

Statistics Unit
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Table A1 - Supply by tenure and size of dwelling; three-year totals

Tenure / size		**Owner-occupier**	**Social housing**	**Entitled / licensed private rental**	**Registered accommodation**	**Total**
Existing	1 bed	80	120	850	860	1,900
	2 bed	720	290	660	530	2,190
	3 bed	800	200	420	250	1,680
	4 bed or more	440	30	260	170	910
Leaving	1 bed	60	50	110	1,020	1,230
	2 bed	120	40	90	320	570
	3 bed	210	20	60	120	410
	4 bed or more	160	+	40	60	250
Death & Care	1 bed	110	330	120	40	610
	2 bed	280	60	60	10	400
	3 bed	340	10	20	+	370
	4 bed or more	160	+	10	+	170
Total supply	1 bed	250	500	1,080	1,920	3,740
	2 bed	1,120	380	810	850	3,160
	3 bed	1,360	240	500	370	2,460
	4 bed or more	760	30	310	230	1,320
	Total	**3,490**	**1,150**	**2,690**	**3,370**	**10,690**

Table A2 - Demand by tenure and size of dwelling, three-year totals

Tenure / size		**Owner-occupier**	**Social housing**	**Entitled / licensed private rental**	**Registered accommodation**	**Total**
Concealed	1 bed	290	70	260	110	730
	2 bed	440	20	250	10	730
	3 bed	190	0	30	0	220
	4 bed or more	0	0	0	0	0
Existing	1 bed	220	300	410	120	1,060
	2 bed	1,370	470	660	250	2,740
	3 bed	1,320	210	250	220	1,990
	4 bed or more	690	60	80	0	830
In-migrants	1 bed	60	10	170	1,620	1,850
	2 bed	90	10	150	400	650
	3 bed	100	10	120	150	380
	4 bed or more	110	0	80	80	270
Total demand	1 bed	570	380	840	1,850	3,640
	2 bed	1,900	500	1,070	660	4,120
	3 bed	1,610	220	400	360	2,590
	4 bed or more	810	60	170	80	1,100
	Total	**4,880**	**1,160**	**2,470**	**2,940**	**11,450**