P.2023/11 Amdt 2

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

24th April 2024

Proposition No. 2024/11

Requête

AFFORDABLE HOUSING – GP11

AMENDMENT

Proposed by: Deputy H L de Sausmarez
Seconded by: Deputy V Oliver

For Propositions 3, 4 and 5, substitute the following Propositions:

“3. To agree that, with immediate effect, the percentage requirement of the affordable housing policy in section 19.12 and Policy GP11 of the Island Development Plan is set at 0% for all proposals subject to the policy until 1st May 2026, and for the avoidance of doubt will apply from the date of the Resolution to any planning application already filed and yet to be determined.

4. To direct the Development & Planning Authority to apply that requirement when Policy GP11 is engaged and to publish amended Supplementary Planning Guidance to this effect.

5. To direct that any proposals brought forward by the Development & Planning Authority to change the contribution rate with respect to GP11 shall take effect only after 1st May 2026.”

Rule 4(1) Information

a) The propositions contribute to the States’ objectives and policy plans by acting as an incentive for developers to submit planning applications for private market housing schemes with 20 or more units of accommodation, thereby supporting some of the GWP’s housing objectives.

b) In preparing the proposition, consultation has been undertaken with the Development & Planning Authority, the Committee for the Environment &

Infrastructure, the Committee for Employment & Social Security, and the Policy & Resources Committee.

c) The propositions have been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.

d) There may be an increase to the funding requirement to deliver Affordable Housing if none is provided by the private sector for a period of two years, but that impact is likely to be significantly lower than it would be for a period of five years.

Explanatory note

This amendment is similar to Amendment 1 – the key difference between them being the time period that the GP11 rate will be set at 0%. Amendment 1 proposes a period of up to five years, whereas this amendment proposes a fixed period of two years.

The relative benefits (i.e. compared with Amendment 1) of this shorter period of 0% contribution rates are that it provides:

- a stronger incentive to bring housing development plans forward without delay;
- greater certainty for developers in the form of a guaranteed minimum period of the 0% rate; and
- a likely reduction in the States' funding requirement for affordable housing.

Stronger incentive to bring housing plans forward sooner
Guernsey has an acute and urgent need for many more homes to be built as soon as possible. Our community has borne the negative effects of the under-delivery of housing for many years already. That need is becoming all the more intense as our population increases well above the projected levels, whilst completion rates for new properties (both private and affordable) remain well below the indicated housing requirement.

The people in our community struggling to find a suitable home to rent or buy need new homes to be built as soon as possible, so policy decisions should be geared towards accelerating its delivery. A two-year period of 0% contribution rates will act as a greater incentive than a five-year period to bring forward planning applications for larger housing developments sooner, meeting that objective more effectively and alleviating the negative impacts on our community more quickly.

Greater certainty for developers
Amendment 1 seeks to set a 0% rate until the end of the next political term "or further Resolution of the States". The Development & Planning Authority are currently

carrying out a targeted review of the Island Development Plan, which is likely to include specific recommendations in relation to Policy GP11, which is a discrete workstream within that review. A report to inform the DPA's recommendations on GP11 has already been commissioned and produced. The States will consider the DPA's recommendations on the targeted review of the IDP, including any recommendations on GP11, during debate on a policy letter in the first half of 2025.

As this work on GP11 has already been commissioned and carried out, it makes sense to consider the evidence and make any decisions relevant to GP11 at the time that policy letter is debated.

Should Amendment 1 carry, any recommendations on GP11 that the DPA makes in their policy letter would need to come into effect four years later, or cut short the five-year period of 0% rates. Both have disadvantages.

The DPA will base their recommendations on evidence that has been gathered very recently. The housing market can change significantly in five years, as recent history has shown us, so the longer the period between a decision and its implementation, the greater the risk that the circumstances informing that decision may have changed in the interim, possibly rendering the measure less appropriate or effective.

Cutting short the five-year period in order to implement any agreed recommendations in a timely fashion, however, undermines the certainty Amendment 1 seeks to provide to developers.

The two-year period ending on 1st May 2026 as proposed in this amendment works well with any recommendations on GP11 that the DPA may seek to make, as a decision (informed by up-to-date evidence) can be made by the States in Spring 2025, providing around a year for any legislative changes required to bring them into effect.

Should this amendment be successful, Proposition 5 would provide developers with a greater level of certainty around the duration of the 0% rate, as it stipulates a specific two-year period, in contrast to Amendment 1 which is in effect a period of *up to* five years. Should Amendment 1 be successful, the actual duration of the 0% rate will remain uncertain until the States debates the policy letter around this time next year. This amendment therefore provides greater certainty for developers.

Reduced funding requirement
The additional financial burden on the States that will be created by a reduction to 0% contribution rate from private development towards the development of affordable housing is unquantifiable. However, it is reasonable to assume that the likely impact on taxpayer funding requirements would be lower were that rate to be set for a two-year period than were that rate to be set for a period of up to five years, even assuming a greater concentration of planning applications in those initial two years.