



# Is redeveloping Guernsey's greenfield sites the way to solve the housing crisis? – September 2022

## **Preface**

In this paper, I am going to explore some different options that could help to alleviate the housing crisis in Guernsey. I am doing this paper as part of my internship with GPEG; I conducted my own research with little prior foundational knowledge. Writing this paper has helped me considerably with my research and critical thinking skills, though that does not mean I may not have had moments of slight misinterpretation or misunderstanding. For this reason, I ask that if I happen to make any mistakes or faults in logic, kindly email [info@gpeg.org.gg](mailto:info@gpeg.org.gg) and advise me as to your concerns or suggestions. As I said, this is a learning experience for me, so I would be very grateful to know where I may have fallen short or where there is something I haven't considered.

With that said, I hope you enjoy the read!

## There is a housing crisis

It is no secret that in recent years Guernsey has been experiencing a steep rise in average house prices as well as a lack of availability of houses. These have, in turn, led to a housing crisis. Currently, in the local market, the average house in Guernsey, at just under £600,000<sup>1</sup>, costs more than double that of the average house price in the UK<sup>2</sup>. Not only is Guernsey suffering from high house prices compared to the UK, but this is paired with the fact that these prices are rising considerably faster than those in the UK. Thus, discouraging local buyers from looking for their first home and preventing those wanting to sell their houses from doing so as they cannot find new accommodation that is appropriate for them, both in size and price.

## What has contributed towards the crisis?

Deputy Peter Roffey identifies two key contributing factors for Guernsey's housing crisis<sup>3</sup>. Firstly, he states that typical household sizes are getting smaller and because of this, Guernsey needs more homes for every 1000 people on the island than in years prior. Thus, demands for housing, especially smaller dwellings, are rising. Secondly, rise in population naturally creates more demand for housing. This population growth can be seen through the size of the house waiting

list; the Committee for Employment and Social Security and the Guernsey Housing Association (GHA) were meeting all targets in the States Housing Strategy up until a couple of years ago, when waiting lists for both social rental housing and partial ownership became longer and longer. As of the beginning of 2021, there were 182 households on the Single Waiting List which accounts for both States housing and those overseen by the GHA<sup>4</sup>.

In addition to these factors, the Covid-19 pandemic has also made an impact; with low interests rates in the UK and investors wanting to make real profit, Guernsey's position as being Covid-free for such an extended period after the first wave of the virus led investors toward Guernsey's houses as a means of income<sup>5</sup>. There was an opportunity for profit in the past couple of years where it would have been hard to yield in many other places, due to the pandemic. This exacerbated the issue of those living overseas being able to purchase a number of houses on island to rent them out; there are no restrictions on off-island property investors, leaving those on island with less opportunity to buy.

Furthermore, interest rates and inflation may see people default on their geared mortgage repayments. This means that some may not be able to pay their mortgage and thus cannot keep their homes. Even though this would free up

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<sup>1</sup> <https://www.itv.com/news/channel/2022-08-11/guernsey-homes-now-25-more-expensive-than-in-2020>

<sup>2</sup>

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/march2022>

<sup>3</sup>

<https://guernseypress.com/news/voices/peter->

[roffey/2021/10/13/solving-housing-crisis-means-bad-news-for-homeowners/](https://www.guernseypress.com/news/roffey/2021/10/13/solving-housing-crisis-means-bad-news-for-homeowners/)

<sup>4</sup>

<https://gsy.bailiwickexpress.com/gsy/news/massive-demand-gha-housing-waiting-list-increases/#.YxdVJOzMJH0>

<sup>5</sup>

<https://gsy.bailiwickexpress.com/gsy/news/rental-crisis-exacerbated-offshore-property-investors/#.Yxi1fezMLAM>

some residences on the market, allowing inflation and interest rates to climb does not seem to be the most efficient or helpful way to increase the number of available houses.

### Why is the housing crisis urgent?

If people cannot afford to rent or buy a decent home, they may be forced to live in substandard accommodation or perhaps leave the island, which is not in Guernsey's interest as this will mean a significant decrease in Guernsey's young working population, as emphasised by Deputy Roffey. Moreover, the cost of living is currently so high that if something is not done to manage the situation soon, both the young and medium earners may leave the island in search of a more affordable place to live<sup>6</sup>.

Additionally, as seen in the recent report on Homelessness by the Guernsey Community Foundation (GCF), not being able to afford to rent or buy a decent home does not only mean buyers cannot find a house that they truly want, but it also results in people being insecurely housed or without a house entirely. The GCF set out three criteria for accommodation in order for a person in said accommodation to be deemed 'securely housed': affordability, adequacy, and security of tenure<sup>7</sup>. If the house or apartment lacks one of these three, they are insecurely housed. The states say only 10% of households are affordable, leaving many with the unpleasant potential to be insecurely housed if they do not have the

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<https://guernseypress.com/news/2022/04/23/cost-of-living-heading-for-highest-in-30-years/>

<sup>7</sup> <https://foundation.gg/wp-content/uploads/2022/07/GCF-Homelessness-in-Guernsey-Report-optimized1.pdf>

money to pay for higher-priced accommodation.

### What's been done so far?

In the past few weeks, senior members of the Policy & Resources Committee, namely Deputies Peter Roffey and Lindsay de Sausmarez, were successful in putting forward an amendment proposing that a number of future GHA properties will be offered for sale at 75% of their market value<sup>8</sup>. This amendment will allow many more first-time buyers to be able to afford a first home. This will stimulate more activity in the housing market and allow more people to buy the houses they want due to the reduced price.

The Island Development Plan (IDP) also has features that can help the housing crisis. In subsection 6.1, it states that new development should mainly be located in and around already existing collections of settlements, thus maintaining Guernsey's countryside and keeping the majority of new builds within St Peter Port, St Sampsons, and Vale<sup>9</sup>. As these are on the eastern side of Guernsey, so will the majority of new housing. Hopefully reusing as many brownfield sites as possible due to the restricted areas that will be prioritised for development.

### Different options to be considered

#### **IDP**

As aforementioned, the IDP focusing most

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<https://www.islandfm.com/news/guernsey/sale-of-states-homes-to-be-investigated/>

<sup>9</sup> <https://www.gov.gg/planningpolicy>

new builds in already built up areas means that it is more likely for brownfield sites in those areas to be used, as opposed to scanning the whole island for attractive greenfield sites that could be used in development. The IDP will allow for less greenfield sites to be used for residential purposes while still working towards fixing the housing crisis using allotments on the Eastern coast of the island. Furthermore, GHA Chief Executive, Steve Williams, says that 'from locating suitable land it often takes four to five years to go through securing the land, obtaining planning and then construction'<sup>10</sup>. So, focusing construction in these three areas (St Peter Port, St Sampsons, and Vale) means that the time spent locating suitable land will be reduced as all possible sites will essentially be known and securing the land can be focused on much more quickly.

### Policy GP11, brownfield and greenfield sites

However, this is not to say that brownfield sites across the rest of Guernsey should be left abandoned. These areas have potential and it would be in the island's best interest to make them functional and attractive places, which includes residential lots. Though, there are barriers to this, one seemingly being Policy GP11. This policy in place means that when 20 or more units are built in an area, between 26-30% of the developable part of the site must be affordable housing<sup>11</sup>. This was intended to create more affordable housing alongside new projects, however, since the six years that this policy has been in place, not a single dwelling plot for

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<sup>10</sup> <https://www.bbc.com/news/world-europe-guernsey-57280698>

<sup>11</sup>

<https://www.gov.gg/CHttpHandler.ashx?id=105301&p=0>

<sup>12</sup>

<https://gsy.bailiwickexpress.com/gsy/news/amendment-seeks-make-gp11-more-flexible/#.Yxi3kuzMLAN>

affordable housing has been delivered under these criteria. Deputy Victoria Oliver also believes that Policy GP11 makes larger development sites less commercially viable<sup>12</sup>. Thus, it seems that this policy being in place has hindered the amount of housing in general that is being produced as there is less incentive for investors if they will be profiting less due to Policy GP11. Furthermore, the policy makes brownfield sites relatively unviable as they are simply too small to work with or they are 'stuck in a limbo' as the zoning of remaining brownfield sites is often not residential, so it would take a while to apply for a land use change, making the process of utilising brownfield sites much more complicated and lengthy<sup>13</sup>. Some Deputies have identified the shortcomings of this policy; Deputy Nick Moates has proposed that the States should suspend Policy GP11<sup>14</sup> and Deputies Peter Ferbrache and Victoria Oliver have successfully proposed an amendment in order to 'encourage the development of larger housing sites and increase the supply of both normal and intermediate dwellings to address our housing crisis and its negative impacts on our economy, public services, and community'<sup>15</sup>. This will hopefully have a positive effect on Policy GP11 and result in the creation of many more larger developments. Despite all the potential for brownfield sites to be used, along with some readjustment of policies from the States, does this mean that greenfield sites should completely be discarded as a means of providing houses? Although some consider it undesirable to redevelop greenfield sites for residences when there is an abundance of brownfield sites on island, it is true that some of these sites

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<https://guernseypress.com/news/voices/2022/01/31/guernseys-housing-crisis--what-next/>

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<https://guernseypress.com/news/voices/2022/01/31/guernseys-housing-crisis--what-next/>

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<https://gsy.bailiwickexpress.com/gsy/news/amendment-seeks-make-gp11-more-flexible/#.Yxi4fOzMLAN>

may be too small to make considerable leeway in fixing the housing crisis. Deputy Moates said that we may need to accept that a very small amount of greenland, ideally poor-quality agricultural land, might be needed to resolve the housing crisis so that we can build desperately needed new homes in a short timeframe<sup>16</sup>. So, this necessity of using green field sites in order to deal with the pressing urgency of the housing crisis could be another reason to modify the planning laws so that it is easier to access brownfield sites, encouraging more businesses and homeowners to redevelop these sites and produce more residential areas, aiding the easing of the crisis.

## Community lots

This is echoed by the advice of a new think-tank, Affordable Guernsey. It suggested the introduction of a 'self-build show park' alongside the provision of equity loans in order to assist first-time buyers in building their own homes, as this would increase accessibility and number of homes built<sup>17</sup>. In this way, the local residents would have control of development in certain areas while the States would 'collect a share of the value uplift arising from development', thus also providing the States with much needed extra revenue. The think-tank predicted that in a lower engagement level scenario, the States could still receive £19.5m per year as a result of this scheme, with up to £24.4m per year in a high engagement level scenario<sup>18</sup>. This money can then be used for the island development fund, further aiding the remedy for the housing crisis. Despite the fact that this suggestion

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<https://guernseypress.com/news/voices/2022/01/31/guernseys-housing-crisis--what-next/>

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<https://gsy.bailiwickexpress.com/gsy/news/ag/#.YxXIJuzMLPg>

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<https://gsy.bailiwickexpress.com/gsy/news/ag/#.YxXIJuzMLPg>

may provide Guernsey more houses with less intervention from the States in the long-run, this still may not provide the large quantity of houses needed in the immediate future and so it is imperative that any suggested plans such as this be undertaken alongside other initiatives to tackle the crisis as quickly as possible.

## State-owned sites

There have been projects suggested recently that would provide Guernsey with a significant amount of settlements in certain areas; Deputy David Mahoney has suggested three States-owned sites to be used to house residential lots<sup>19</sup>. The proposals are as follows: Castel Hospital would have family homes between three and five bedrooms; King Edward VII site would be a retirement village or a 60-bed care home; and the Princess Elizabeth Hospital (PEH) will have up to 150 apartments for nurses. The latter suggestion has already been passed in the States<sup>20</sup>, rather controversially due to the utilisation of greenfield sites. Both other Deputies and the many in the public believe that there were better options nearby that didn't require the use of a greenfield site<sup>21</sup>. However, we must consider demand and supply; having new, larger family homes will free up smaller houses as families who need to upsize are able to do so in the Castel Hospital lot. And again, allowing more space for older residents to move into an area tailor-made for them allows for their prior housing to go to those in need of residences on the smaller side, which are in demand. The same logic is used in the case of the PEH, as these accommodations will help attract

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<https://guernseypress.com/news/voices/2022/01/10/solving-the-states-property-puzzle/>

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<https://guernseypress.com/news/2022/07/16/peh-green-field-to-be-used-for-staff-homes/>

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<https://guernseypress.com/news/2022/07/15/building-key-worker-homes-on-peh-green-field-the-lazy-option/>

and house nurses, again freeing up their former residences. Whether or not the 150 units of accommodation for nurses and the use of a greenfield site is justified is still up for debate. But in the case of the Castel Hospital and King Edward VII site, with a growing number of young families, as well as the ageing population, increasing residential provision for these groups is needed. As these residents move out of former accommodation, it will increase the amount of one to two bedroom residences on the market, further meeting the demand for smaller accommodations. Thus, meeting the needs of many residents on the island at once. This seems to be a proactive way of tackling the housing crisis. This being said, it is imperative that a significant proportion of these houses are affordable as otherwise the point is moot.

### Ageing population

As touched on in the previous paragraph, rehousing much of the older population in Guernsey could free up a considerable amount of houses which may have become too spacious or inaccessible for older residents as they have grown older. As suggested by Deputy Mahoney, retirement villages could be a reasonable answer to the question of housing the high proportion of older residents that do not necessarily need or cannot stay in their current accommodation. The suggestion of a retirement village as opposed to a traditional nursing home is an attractive one as the purpose of retirement villages is to house older adults who need little to no help in their day-to-day lives. So to house these people in a retirement village, instead of a nursing home, can free up their former residences while also ensuring nursing homes on island are not too oversubscribed, especially when these adults have no need or desire to be there.

### Social housing

It has also been identified that the income cap on those in social housing may be contributing to the housing crisis. There have been cases where individuals are forced to turn down certain job offers that would pay higher than their current employment as this increase in salary would take them over the income limit<sup>22</sup>. This means that many people are stuck earning a certain amount of money and are less able to save up in order to move out into non-social housing. Those in social housing should not have to turn down promotions or better job offers just so that they do not exceed the social housing income cap; they should be able to save up their money in order for them to have the ability to leave social housing.

Moreover, this prevents those in need of social housing from accessing it as residents that have the potential for higher wages and savings to help them move on from social housing, are stuck under the income cap and thus are prevented from doing so. The cap has been suspended until the end of 2022<sup>23</sup> but this is not enough; it is also not clear what will happen to the savings and incomes of those in social housing after then. It is clear that something must be done in order to address the negative effects of this cap, namely the prevention of residents leaving social housing when they could have every possibility to do so.

### To conclude

There is debate on whether to solely focus on securing affordable social housing or whether to do this alongside the private sectors as well. If the States were to only focus on, say, social housing, then the private market would see its prices continue to rise with no regulation. Therefore, all types of housing must be

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<https://guernseypress.com/news/voices/2022/01/31/guernseys-housing-crisis--what-next/>

23 <https://gov.gg/article/186372/ESS-suspends-income-limits-for-people-in-social-housing-in-response-to-current-labour-shortage>

looked at and all demands must be looked at in order for the States to be able to supply what is wanted by those in Guernsey.

I believe that there is not a single solution but many must be considered. Although it's not ideal, greenfield sites with low agricultural potential may need to be used in the short-term until it is easier to build on brownfield sites. This should be an incentive to suspend Policy GP11, making it easier to reuse and revitalise brownfield sites and/or making it easier to apply for a land use change, which is what is being attempted with the old Data Park off Route Militaire<sup>24</sup>. Alternatively, perhaps community lots could be an effective and profitable way of reusing brownfield sites, as suggested by Affordable Housing.

Demand must be met in an affordable and sustainable way; more residences must be made due to the growth in population and brownfield sites must be made more accessible so that these new units do not take up precious green space that could be better utilised for another function. Therefore, solely redeveloping greenfield sites as a solution to the housing crisis will not be very successful. Although some greenfield sites may be considered necessary to use, there are many alternatives to this which can provide much more attractive and suitable options in order to meet the demands of the housing crisis. So, even if the use of greenfield sites is a small part of the answer, it would be nowhere near complete.



## Recommendations

The state of the economy needs to be a priority for the States of Guernsey; with rising prices and steep inflation, without mitigation Guernsey may lose valuable members of the working population.

With rising numbers in population and not enough housing for the current amount of people on the island, new housing must be built. This should incentivise the States to allow easier access to brownfield sites so not to waste valuable greenfield sites to combat the housing crisis.

Address the negative impacts of the income cap on those in social housing, perhaps allowing for a larger 'nest egg' so that residents can save up more to move out.

Keep an eye on Policy GP11, after any amendments, to ensure that it now does what it is supposed to do - encourage the building of larger settlements while maintaining a certain amount of affordable homes.