

EXECUTIVE COUNCIL

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1. Recommendations

1.1 Honourable Members are recommended to:

- (a) Approve the adoption and publication of Housing for our Future: Falkland Islands Housing Strategy
- (b) Note the specific recommendations for future work to implement the proposals in the strategy at paragraph 11.6

2. Additional Budgetary Implications

- 2.1 There will be no direct additional budgetary implications on the basis of the adoption of the strategy alone. Please also refer to section 6.1 on financial implications.

3. Executive Summary

- 3.1 The Falkland Islands Housing Strategy, Housing for our Future is a key policy document which seeks to set the direction for housing-related policy in the Falkland Islands over a 10-year period. It sets out a vision for the housing system in the Falkland Islands and commits to taking forward work in a number of key areas, spanning multiple directorates and departments.

- 3.2 The vision set out in the strategy is:

- People are enabled and encouraged to stay and build their lives in the Islands
- There is a choice of affordable housing for everyone, across ownership and rental
- We can all access suitable, secure homes of good quality that meet our needs
- We are empowered to make housing decisions and work towards our aspirations.

- 3.3 The strategy is a high-level document which sets over-arching objectives, identifies a series of issues to be addressed, and suggests actions to be taken forward. It will be used to guide future work to develop more detailed policy and implementation proposals, which will set out how the actions in the strategy will be delivered.

- 3.4 6 key workstreams will flow out of the strategy, looking at:

- Private sector development
- FIG housing
- Access and affordability
- Tenancy protections
- Housing standards
- Data collection and communication.

More detailed proposals will be brought forward for ExCO consideration at the appropriate time.

- 3.5 Among other things, the strategy commits to the following actions:

- Accelerate the pace of new FIG housing construction, and incentivise the private sector to develop new affordable homes for rent
- Bring forward a dedicated scheme to promote affordable home ownership for lower-income residents
- Deliver an incentive programme to encourage renovations of vacant, partially complete or derelict properties to bring them to market
- Offer some older FIG properties for sale to existing tenants, or to low-income buyers, as and when they become vacant
- Develop regulations to encourage good standards in the rented sector, providing protections for landlords and tenants.

4. Background [and Links to Islands Plan and Directorate Business Plan/s]

- 4.1 The Islands Plan has as one of its objectives the development of “*a comprehensive housing strategy to ensure we meet current and projected requirements through an appropriate mix of Government housing, private sector housing and individual home ownership*”. This strategy has been drafted to meet this commitment.
- 4.2 Other priorities in the Islands Plan are also linked to housing, including commitments to grow the population, develop public services and infrastructure, support the expansion of local industries and businesses, and remove barriers to economic development.
- 4.3 In 2020, FIG undertook a study to estimate housing demand and supply. The final report, *Housing for our Future: Supply, Demand and Policy Options* (Appendix C), set out an estimate of housing demand and supply over the next 15 years. It also examined affordability, quality, and the role of the private sector in developing housing. It identified a number of issues and pressures in the housing market, and set out policy priorities and options identified by FIG in response to those issues.
- 4.4 The *Supply, Demand and Policy Options* paper was subject to a detailed public consultation process to communicate the findings of the report and seek public and stakeholder views on the proposed policy options. The findings of this consultation process (Appendix B) were used to inform further work to develop the draft housing strategy, which has itself been subject to further public and stakeholder comment (please see section 11 for a full description of the consultation process).

5. Options and Reasons for Recommending Relevant Option

- 5.1 Option 1 (Recommended): Approval, adoption and formal publication of *Housing for our Future, Falkland Islands Housing Strategy*. The development of a housing strategy is a key objective in the Islands Plan, and approval will result in an agreed direction of travel for housing policy in the Falkland Islands, and a clear ambition to work towards. The strategy will then provide a framework to guide the delivery of multiple workstreams to carry out the actions identified. It will enable FIG to lead a co-ordinated effort, across government and the private sector, to tackle the issues laid out in the strategy and ensure that we meet current and projected housing requirements for the Falkland Islands.
- 5.2 Option 2 (Not Recommended): Do not approve *Housing for our Future, Falkland Islands Housing Strategy*. This will result in there being no up-to-date formally adopted housing strategy for the Falkland Islands, which would not align with the ambition of the Islands Plan and would mean that a key objective is not met. The issues identified within the strategy may worsen over time if steps are not taken to address them. Whilst separate plans could be developed to address these issues without the adoption of a housing strategy, these would take additional time and resources to develop, agree, and deliver, which would have an impact on how quickly the actions identified in the strategy are delivered. The lack of overarching ambition and direction (in the form of a strategy document) would present additional challenges to delivery.

6. Resource Implications

6.1 Financial Implications

There are no immediate financial implications arising from the adoption of the strategy alone. However, delivering on the commitments contained within the strategy will entail significant financial implications for FIG and Falkland Islands residents. If the strategy is approved, significant scoping and planning will be carried out, with further evaluation of the resources required to deliver on these commitments. Detailed proposals will be developed for consideration by Members, as required, ideally through the annual budget process. Any decisions made in respect to implementation of the actions outlined in the strategy will require a balanced view of priorities and choices to be made within our available funding envelope.

6.2 Human Resource Implications

Significant time will be spent by staff from across FIG in taking forward the 6 workstreams outlined within the strategy and delivering on the actions that have been identified. This will include the need for further detailed policy work which may require additional resource in the form of a temporary, dedicated Housing Policy Analyst. Plans may be brought back to ExCo to consider this, early in 2022, once the resource implications of other policy priorities of the new Assembly have been assessed.

6.3 Other Resource Implications

None at this time.

7. Legal Implications

7.1 The commitments in the proposed strategy have a number of legal implications, which will require further detailed policy and legal analysis to fully understand. The commitment to introduce new landlord-tenant regulations will certainly require new legislation. Other actions within the strategy may result in the need for new legislation, including (but not limited to):

- A dedicated scheme to promote affordable home ownership for lower-income residents
- An incentive programme to encourage the renovation of vacant, partially complete, or derelict properties
- Offering some older FIG properties for sale to existing tenants, or to low-income buyers
- The introduction of incentives to encourage the private sector to develop new affordable rental housing.

If changes to the law are required, they will need to be considered against other legislative priorities, and may take time to implement.

8. Environmental & Sustainability Implications

8.1 There are no direct environmental and sustainability implications arising from adoption of the strategy alone. However, the socio-economic importance of a housing

stock that meets present and future needs of the population is key to the long-term sustainability of the Falkland Islands. The strategy has been drafted to align with the ongoing development of the Falkland Islands' Environment Strategy, which gives further consideration to the links between housing and the environment, including looking at topics such as energy efficiency and development. All development has potential environmental impacts and many of the commitments in the housing strategy relate to the development of housing and infrastructure. These implications will be taken into consideration through the existing mechanisms of the planning system as and when required.

9. Camp Implications

9.1 Issues relating to and implications for Camp have been taken into account through every stage of the strategy development process, including research and information-gathering, development of policy options, and stakeholder and public consultation. The Supply, Demand and Policy Options Paper looks specifically at issues facing residents living in Camp. The consultation on the options paper included presenting findings and gathering public views at three public meetings in Camp.

9.2 The draft strategy contains objectives and actions which are relevant across the Falkland Islands, but also considers issues related specifically to Camp. In particular, the issue of prospective buyers in Camp having difficulty accessing mortgages has been considered as a priority, and while there are a number of different issues related to this problem, the strategy commits to taking forward a number of actions to address this, which are:

- Establishing cost-build-benchmarks for Camp by the end of 2021
- Based on that information, considering an increase in the Joint General Mortgage Scheme (JGMS) cap for first-time homebuyers in Camp
- Monitoring affordability and accessibility, in Camp and Stanley, by reviewing the terms and conditions of the JGMS every two years.

10. Significant Risks

10.1 The approval, adoption and publication of a housing strategy for the Falkland Islands will be a high-profile event, with commensurate reputational risks. Housing is an issue which impacts everyone, and members of the public are likely to be interested in any announcements or changes which have the potential to affect their own personal circumstances. Similarly, the implementation of the strategy is expected to have an impact on businesses operating in the Falkland Islands, and will be subject to ongoing scrutiny by industry representatives.

10.2 There is a risk that stakeholders and the public may perceive all of the objectives and actions within the strategy as "implementation ready". Communications around the strategy will need to clearly convey the message that further consultation with the public, the business community, and broader stakeholders will take place as substantive plans are developed.

10.3 The risks of not approving the strategy are outlined in paragraph 5.2

11. Consultation

11.1 Extensive public and stakeholder consultation and engagement has been carried out throughout the strategy development process.

11.2 The Supply, Demand, and Policy Options paper (Appendix C) was subject to a detailed public consultation, which communicated the findings of the report and sought views on the proposed policy options. The consultation ran for 8 weeks and included:

- A series of public meetings in Stanley and Camp
- A detailed questionnaire to gather views on each of the proposed policy options.

11.3 A wide range of comments were received in response to the detailed questionnaire. Respondents were largely in agreement with the issue identification and broadly supportive of policy suggestions, with some exceptions. An analysis of high-level public support, taken from survey responses, found that there were either very high (80-100%) or high (60-79%) levels of public support for most the policy options in the consultation. Support was moderate (40-59%) for the following proposals:

- Implementing a moratorium on caravan/mobile home parks
- Relaxing restrictions on home ownership for Work Permit holders
- FIG remaining the primary provider of rental accommodation
- FIG to sell older FIG properties to current low-income tenants, at cost recovery
N.B. offering existing tenants, regardless of household income, the opportunity to purchase their house received a high level of public support)
- FIG should allow applications for new caravan/mobile home placement on a single residential lot, subject to minimum standards

No policy option received low (20-39%) or very low (0-19%) levels of public support. The levels of public support have been taken into consideration and reflected in the commitments in the final strategy.

11.4 Key stakeholders have been consulted throughout the process, including at the early policy development stages, once the Supply, Demand and Policy Options paper was published, and during the most recent period of engagement on the draft strategy.

11.5 At a later stage, the draft strategy was published on the FIG website and was open for public and stakeholder comment. As part of this process, the draft strategy was also presented at an MLA public meeting on August 23, 2021, and at a meeting with the Chamber of Commerce on August 24, 2021. A range of comments were received, largely in support of the aims of the draft strategy, and in agreement with the issues identified and the direction of travel indicated. As an example, we received comments in agreement with the strategy proposals on:

- Action to address/regulate over-crowding (which could be considered under proposed landlord-tenant regulations)
- Incentives for developers to build affordable rental homes
- A programme to encourage the renovation of vacant, partially-complete or derelict properties
- Action to develop and encourage the development of more one-bedroom properties and multi-unit buildings

- Development of landlord-tenant regulations to create a fair system across the Islands – particularly if these can lead to the increased supply of lower-cost options
- Measures to support better housing standards
- Extending eligibility for Rent Rebates to households renting from private and commercial landlords
- Introduction of a dedicated scheme to promote affordable home ownership
- Commitment to review the JGMS cap for first-time homebuyers in Camp.

11.6 That being said, a number of concerns about the proposals have been raised through meetings and other feedback. The major themes that have emerged are listed below, along with a response from FIG outlining recommendations to address the comments in future work, where appropriate. Comments are listed in no particular order.

Comment	Response
Mixed views on the potential effects of regulation (landlord-tenant regulations) Concerns around the potential impact of regulation (especially of rental levels), which may stifle investment and development in the private sector. Even uncertainty around the detail of what might be brought forward may in itself be counter to incentivising the private sector to bring forward new housing.	In order to minimise any period of uncertainty, it is recommended that this area of work is progressed as a priority following the approval and adoption of the strategy, and that a working group with tenants and representatives from the private sector (landlords/developers) is established to consult in detail as plans are further developed. A similar approach should be taken to proposals for incentives for private sector development.
Availability, and the cost, of <i>serviced</i> land are critical constraints on private sector development, particularly in relation to affordable housing. Need to be able to meet those costs, and still make a return.	The commitment to review the incentives for private sector development includes options around the sale of serviced land at reduced cost.
Questions around the impact of government policy decisions (such as the increase in the number of government hires, eligibility and rental rates for FIG housing) on the availability and cost of housing in the Falkland Islands.	The overarching purpose of the Housing Strategy, as set out in the Islands Plan, is to “ensure we meet current and projected requirements through an appropriate mix of Government housing, private sector housing and individual home ownership.” The strategy commits to regularly reviewing the need for FIG rental homes, reviewing rental rates for FIG contract workers, and looking at local pool housing allocation criteria to ensure that housing is allocated to those most in need. All of these proposals, as well as the broader commitments in the strategy, are designed to understand the need for housing over time, and respond to demand in a flexible way.
The strategy does not address the issue	The strategy notes that construction

<p>of a shortage of skilled tradespeople, which has an impact on construction capacity and the ability to deliver new homes.</p>	<p>capacity will remain a constraint on the pace of development. It is recommended that this issue is taken into consideration under the workstream on private sector development which will flow out of the strategy.</p>
<p>There was a broad consensus that action should be taken to address overcrowding. Whilst it was acknowledged that this could be considered under the proposed landlord-tenant regulations, there was some suggestion that other mechanisms would have a quicker impact and should be considered.</p>	<p>It is recommended that the issue of overcrowding should be looked at as part of the workstream on landlord-tenant regulations which will flow out of the strategy. Consideration should be given as to whether landlord-tenant regulations are the best mechanism to address this issue, or if other options should be pursued.</p>
<p>Clarity required as to whether intention is for government to provide more (rental) homes itself, or stimulate private sector to supply.</p>	<p>The Islands Plan sets out the overarching purpose of the Housing Strategy, which is: “to ensure we meet current and projected requirements through an appropriate mix of Government housing, private sector housing and individual home ownership.” This is the approach taken in the strategy, which acknowledges that whilst there is a need for more FIG rental homes, FIG housing alone will not be sufficient to meet demand. The strategy therefore seeks to stimulate private sector supply at the same time.</p>
<p>A broader consideration of access to finance. The proposed actions around the JGMS caps are generally welcomed, but it was suggested that more could be done to look at access to finance (to purchase a home) generally. A number of specific issues/situations were cited.</p>	<p>The commitment to review the terms and conditions of the JGMS every two years will take into account broader affordability and accessibility issues.</p>
<p>Sustainability/environmental standards in homes. More explicit action needed in the strategy to deal with bringing housing stock up-to-date and implementing better sustainability standards. Consideration given to the issue of incentivising/enabling e.g. the use of renewables, better insulation etc.</p>	<p>It is recommended that work on these areas is picked up under the outputs from the Environment Strategy. However, it is acknowledged that those involved in the development of housing and planning policy and systems (and the implementation of the proposals in the Housing Strategy) should be closely involved in that stream of work.</p>
<p>Questions about the need to provide low-cost accommodation to meet current high levels of demand – suggestion not to rule out the use of park home accommodation.</p>	<p>The strategy does not rule out the use of caravan/mobile home accommodation, but it does set out some options to promote low-cost permanent alternatives.</p>

11.7 Consultation has also been carried out internally at FIG. Policy options were refined with a specialist Housing Strategy Working Group, including representatives from the following directorates and departments:

- Public Works
- Planning and Building Services
- Treasury
- Attorney General's Chambers.

A wider group of directorates and departments were also consulted during the drafting of the strategy.

11.8 The findings of this process have fed into the development of the strategy by informing evidence on the key housing issues and potential solutions in the Falkland Islands, and providing an understanding of public support for various policy options.

12. Communication

12.1 If Option 1 is approved, the strategy will be launched publicly, and appropriate communications activity is planned to take place around this, including media release and media interviews as required.

12.2 There are a number of specific communications actions already outlined within the strategy, which are:

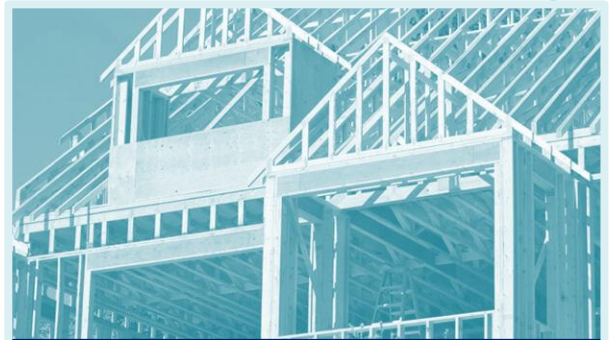
- Providing and promoting clear information on rental rights
- Introducing clear public guidance on the allocation of serviced residential plots and the competitive bid system
- Providing information on existing routes to home ownership for everyone.

These will be planned and delivered by the relevant directorates.

12.3 As detailed policy is developed to deliver the wider actions outlined within the strategy, further communications activity will be required. Plans for this will be developed in due course over the period of strategy implementation.

Housing for our Future

Falkland Islands Housing Strategy



Foreword

We are very pleased to introduce the Falkland Islands Housing Strategy, Housing for our Future.

A good home is important to everyone – whether that is young people finding their first home, people who want to own a home, or those who need affordable rental accommodation. A home not only provides us with security and shelter, but also supports our health and wellbeing, underpins our sense of community and belonging, and influences how we participate in the economic and social life of the Islands.

This strategy sets the direction for the next 10 years. It commits the Falkland Islands Government to working to achieve our vision for housing in the Falkland Islands, which is that:

- *People are enabled and encouraged to stay and build their lives in the Islands*
- *There is a choice of affordable housing for everyone, across ownership and rental*
- *We can all access suitable, secure homes of good quality that meet our needs*
- *We are empowered to make housing decisions and work towards our aspirations.*

Here, we set out our ambitions to achieve this vision, identifying some of the barriers that we know exist, and how we plan to tackle them. Our ultimate aim is to make housing better in the Falkland Islands. Among other things, we will:

- *Accelerate the pace of new FIG housing construction, and incentivise the private sector to develop new affordable homes for rent*
- *Bring forward a dedicated scheme to promote affordable home ownership for lower-income residents*
- *Deliver an incentive programme to encourage renovations of vacant, partially complete or derelict properties to bring them to market*
- *Offer some older FIG properties for sale to existing tenants, or to low-income buyers, as and when they become vacant*
- *Develop regulations to encourage good standards in the rented sector, providing protections for landlords and tenants.*

These, and many other actions, are set out in the strategy below. To put these plans into action will require commitment and hard work from both government and the private sector, working together to provide the housing that our community needs, both now and in the future. Change will not happen overnight. However, this strategy moves us in the right direction and sets a clear framework for immediate action that we look forward to seeing delivered over the coming months and years.

Members of the Legislative Assembly of the Falkland Islands Government

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Why do we need a housing strategy?

The Islands Plan 2018-2022 sets out an ambitious agenda to progress the sustainable economic, social, and political development of the Falkland Islands for the benefit of all residents. This includes commitments to grow the population, develop public services and infrastructure, support the expansion of local industries and businesses, and remove barriers to economic development. These priorities are all closely linked to housing provision. The Islands Plan also includes a commitment to “Develop a comprehensive housing strategy to ensure we meet current and projected requirements through an appropriate mix of Government housing, private sector housing and individual home ownership.”

A home is not just a roof over our head – good housing supports health, wellbeing, education, and employment outcomes.

Delivering on the ambition of the Islands Plan requires policies and actions to support a functioning housing market that delivers affordable, good quality and appropriate rental and ownership options for all segments of Falkland Islands society, both in Stanley and Camp.

We face a unique set of housing challenges in the Falkland Islands. Our location, small population, robust economy, and full employment make planning for future growth a complex task. There are also a number of pressures in the housing system which may worsen if we do not plan effectively for the future. This strategy sets out a vision for what we want our housing system to look like in 10 years. It commits us to taking forward work in a number of key areas in order to strive for that future. By doing so, we will not only bring benefits to our economy, but also to our community.

Where do we want to be?

Our vision for housing in the Falkland Islands is:

- People are enabled and encouraged to stay and build their lives in the Islands
- There is a choice of affordable housing for everyone, across ownership and rental
- We can all access suitable, secure homes of good quality that meet our needs
- We are empowered to make housing decisions and work towards our aspirations.

Vision and focus areas

People are enabled and encouraged to stay and build their lives in the Islands

There is a choice of affordable housing for everyone, across ownership and rental

Supply

Access and affordability

Housing literacy

Housing standards

We are empowered to make housing decisions and work towards our aspirations

We can all access suitable, secure homes of good quality that meet our needs

Outcomes and Actions

Future workstreams

Private sector development



FIG housing



Access and affordability



Tenancy protections



Housing standards



Data collection and communication

How will we get there?

We have identified four areas of focus for our vision. Within each focus area, we have set out a snapshot of the context and some of the main challenges faced. A more detailed analysis of the housing situation in the Falkland Islands, including further information on these key challenges, can be found in *Appendix 1*.

Under each focus area, we outline what the Falkland Islands Government (FIG) will do to meet these challenges – a set of outcomes to work towards, and key actions we will take to achieve them. Further detail on how these actions will be implemented can be found in the chapter, *What will we do now?*

Focus area: Supply

People are enabled and encouraged to stay and build their lives in the Islands

Focusing on supply does not simply mean building more homes – although this will be part of the solution. It also means building the right type of homes to house our population now and in the future, making the best possible use of the housing that we have already, and ensuring that people are housed in homes appropriate to their needs.

This requires:

A sufficient supply of homes of different sizes and tenures (e.g. rented, owner-occupied) to meet the current and projected demand in the Falkland Islands.

Both FIG and the private sector to contribute to a well-functioning housing sector that delivers homes that suit the needs of the community.

Efficient use of existing and future housing stock and strategic unlocking of land for new homes to make the best use of what we have.

FIG can influence supply both directly (by building FIG housing), and indirectly (through measures that impact on the development of private sector housing). Land availability is not expected to be a barrier to building more homes¹ - but just as we are looking to make the best possible use of our houses, we should also be looking at how to use land efficiently.

¹ *The Development Plan Health Check [2019]* reports a total allocation capacity of up to 768 homes between 2015 and 2030, based on 8.6 dwellings per hectare, the existing density at Sapper Hill. *Housing for Our Future: Supply, Demand and Policy Options [2020]* estimates a future housing demand is for 465 additional units by the end of 2035.

Some of the challenges we face in this area:

- The population is changing, which will increase the demand for housing and influence the type of houses which are required.
- There is an insufficient supply of rental homes to meet demand – currently a critical housing issue.
- Housing supply and availability should more closely match the needs of our population, both now and in the future.
- Current projections suggest a shortfall of one-bedroom properties in particular.

What we will do to meet these challenges:

We will deliver a plentiful supply of serviced residential plots in Stanley, by:

- Delivering Phase 2 of the Bennett’s Paddock development by mid-2022, releasing a similar number of new plots to the 30 previously released in Phase 1
- Regularly monitoring the need for additional serviced plots
- Delivering a continuous supply of additional serviced plots to meet the assessed need
- Offering a range of plot sizes, including some smaller plots.

The release and sale of serviced plots by FIG has been a continued success in the past and is a popular, tried and tested initiative. Creating smaller plot sizes, as has already been done in recent developments, will mean that there is a higher number of plots available for each land release, and we will continue to make the best use of land in future releases. The creation and release of more serviced plots will provide more opportunities for first-time owners to build their own home, eventually reducing pressure on the rental market as existing renters become property owners.

Work is underway for a new phase of serviced plots at Bennett’s Paddock. Eight plots have been allocated at a fixed price to eligible first-time owners, and 19 of the 22 plots being sold by tender have also been allocated to eligible first-time owners. A similar number of plots are expected to be made available in the second phase of development in mid-2022.

We will enable the delivery of new public and private sector affordable rental homes, by:

- Increasing the pace and investment in the construction of new FIG rental housing, delivering 40 new units for FIG rental in Bennett's Paddock over a period of approximately three years
- Reserving 50% of all new FIG rental homes for the local pool, while there are eligible people on the waiting list with a positive score on the needs-based points system for allocating FIG housing
- Regularly reviewing the need for new FIG rental homes, including both local and contractor housing, and using this information to ensure that we are delivering the right balance of homes for both groups
- Introducing, by the end of 2022, incentives to encourage the private sector to develop new affordable rental housing
- Encouraging private sector developers to bring forward construction on land where permission is already granted.

By accelerating the pace of FIG housing construction, we can ensure that new, good quality, rental housing is offered at affordable rates. However, FIG housing alone will not be sufficient to meet demand. Improving the supply of housing overall is a key element of addressing affordability challenges. The available construction capacity in the Islands will remain a constraint on the pace of development.

The delivery of new rental units for the 'local pool' will reduce the waiting list of eligible people with a positive score in the needs-based points system. In the longer run, we intend to reduce the need for government to provide rental housing outside of social housing provision. One way to do this is to encourage the private sector to develop new rental housing, providing more affordable options. We will review the rental rates for FIG contract workers, which are below the rates for equivalent housing in the private sector, but will also need to take into account recruitment needs.

Various types of incentives to build affordable rental housing will be considered, including loan guarantees, tax incentives, or sale of serviced land at reduced cost. We will also look at ways to encourage developers to accelerate construction on land where planning permission has been granted but work has not begun. We will assess which incentives will be most effective, in consultation with those affected, with a view to putting a programme in place before the end of 2022.

We will support a change in the housing mix to reflect current and projected need, by:

- Building more multi-unit residential buildings
- Encouraging the private sector to deliver more multi-unit residential buildings.

Increasing the proportion of multi-unit residential buildings, both FIG-owned and in the private sector, is intended to meet the expected growth in demand for one-bedroom units, and better match the current population profile. Work towards this objective has already begun – there are a number of flats developed by the private sector which are currently under construction, FIG has recently delivered a number of highly-regarded examples on Sapper Hill, and a further two FIG multi-unit buildings are planned at Bennett’s Paddock. New multi-unit buildings should be designed and built so that they are in keeping with the character of the Falkland Islands in terms of design, density, and location within developments.

We will introduce incentives to bring currently unavailable properties to market, by:

- Designing and delivering an incentive programme, by the end of 2022, to encourage landlords, first-time owners or developers to renovate vacant, partially complete, or derelict properties and bring these into the housing market

There are currently no FIG programmes or policies which look at the issue of vacant homes or seek to motivate landlords who have unavailable properties to bring them to market. Enabling owners, landlords, or developers to make improvements to their properties in order to bring them to market could have a relatively rapid impact, and maximise the use of existing infrastructure.

As well as tackling the issue of vacant homes and benefitting the whole community by potentially contributing to the attractiveness of residential areas, it could increase the number of rental homes available, and/or increase the supply of resale homes, therefore potentially reducing rental demand at the same time. Policy options could be aimed at encouraging first-time owners to purchase and renovate existing properties, or aimed at property owners or developers, encouraging them to renovate and make homes available on the market. We will assess which incentives will be most effective, in consultation with those affected, with a view to putting a programme in place before the end of 2022. We will ensure such incentives are coherent with those for the development of affordable rental housing.

Focus area: Access and affordability

There is a choice of affordable housing for everyone, across ownership and rental

Different groups face different barriers to accessing affordable housing options. There are a number of factors at play, including eligibility requirements for certain housing (social housing, private rented housing, or home ownership) or financial barriers such as access to finance for those who aspire to own their own home, and the rate of rent or other housing costs in the private sector. Some of the actions in the previous chapter will contribute towards achieving our ambitions on affordability, including by increasing the delivery of affordable rental homes. To support home ownership, our successful programme of serviced plot release has proven popular and effective. Since 2012, 166 plots have been released, with 153 going to eligible first-time owners². We are committed to continuing this programme to meet the established need.

This requires:

Tackling barriers for those facing challenges in accessing a home of their choice, whether that is through home ownership opportunities, or affordable rental options.

Working to equalise opportunities so that everyone, regardless of their income, circumstances, or background, can access affordable housing.

Some of the challenges we face in this area:

- Affordable housing options for lower-income households (particularly those with incomes of less than £30,000) are very limited. Such households are unlikely to qualify for a mortgage, and would struggle to find affordable rental options in the private sector.
- Private sector rents are reported to be significantly higher than rents charged for FIG-owned housing, and can be unaffordable³ for certain segments of the population.
- It can be difficult for lower-income first-time owners to afford home ownership – for example, the current bidding process for serviced land, a key route to home ownership, often drives up prices for new plots.
- Some people in need, for whom social housing could be more suitable, are living in the private rented sector out of necessity, because of a lack of available FIG rental housing.

² Figures include Sapper Hill, Mink Park, Kent Road, and the first phase of Bennett's Paddock.

³ Rent affordability is typically defined as shelter costs of 1/3 of total household pre-tax income.³ Please refer to *Housing for Our Future: Supply, Demand and Policy Options [2020]* for further details.

- There is a disparity in support provided to lower-income residents renting in the private sector and those renting from FIG.
- Some prospective Camp buyers have difficulty accessing mortgages, due in part to the higher cost of building a home.

We will equalise support for lower-income residents renting in the private sector by:

- Extending eligibility for Rent Rebates (due to become a component of the Income Support programme) to households renting from private and commercial landlords from July 2022.

FIG currently provides 128 local pool houses at affordable rents, which are set at a significantly lower level than current market rates in the private rented sector. This housing is prioritised based on need. However, we recognise that there are challenges in this system, particularly lengthy waiting times caused by the slow turnover of housing. We will review the local pool housing allocation criteria to ensure we are effectively allocating housing to those most in need.

We also offer a Rent Rebate for households in need who are living in FIG accommodation, but this is not currently available to households in private or commercial rental accommodation. Changes to the Rent Rebate system will ensure that eligible households renting in the private sector will have access to the same support as those in FIG housing.

We will expand access to home ownership and make it more affordable by:

- Establishing cost-to-build benchmarks for Camp by the end of 2021
- Based on that information, considering an increase in the Joint General Mortgage Scheme (JGMS) cap for first-time homebuyers in Camp
- Monitoring affordability and accessibility, in Camp and Stanley, by reviewing the terms and conditions of the JGMS every two years
- Bringing forward, by the end of 2022, a dedicated scheme to promote affordable home ownership for lower-income residents
- Offering some older FIG properties for sale to existing tenants, or to low-income buyers, as and when they become vacant.

Camp households are eligible for both the Joint General Mortgage Scheme (JGMS) and the Variable Rate Mortgage scheme, with similar rules as borrowers in Stanley. FIG guarantees a higher percent of the total mortgage value for borrowers in Camp – up to 45%, compared to

20% for Stanley properties. However, the higher cost to build has the effect of increasing the minimum down-payment for qualifying buyers in Camp. The first step to better supporting prospective Camp buyers is to build a clearer understanding of the actual cost to build in various parts of Camp (e.g. East Falkland, West Falkland, and the Outer Islands), as this can vary depending on the exact location. This information will help us consider the need to raise the JGMS cap for first-time homebuyers in Camp.

Barriers to home ownership, including for lower-income groups, are complex and varied. They might relate to eligibility for mortgages (e.g. the ability to save for a down payment), the supply of land or housing, or the cost of home ownership itself. A regular review of JGMS terms and conditions, including the caps, will help us monitor ongoing access and affordability in both Camp and Stanley. Any changes to the guarantees provided by FIG would have to be approved by the Secretary of State.

We will also bring forward a dedicated scheme to promote affordable home ownership. Some options which may be relevant for the Falkland Islands include:

- A tax-free savings scheme – for instance, developing a registered home-buyer saving scheme, with payments to be deducted from taxable income.
- Rent-to-Buy – some new FIG housing could be designated as rent to own, whereby tenants rent the property and are responsible for maintenance, as well as making payments towards purchasing the property to split the cost of ownership over a longer period.
- Targeting or prioritising the release of serviced plots – making changes to the FIG plot allocation and bidding system to target more first-time owners, or prioritise access to plots.
- Shared ownership (or part buy/part rent) – allowing some buyers to secure a mortgage to buy a share in a property whilst paying rent on the portion of the property they do not own.
- Help to Buy – a government-backed equity loan scheme, which helps buyers by reducing the need to build up a deposit.

We will investigate the various options and potential impacts, consulting as appropriate, in order to make recommendations to tackle the specific issues for the Falkland Islands.

Focus area: Housing standards

We can all access suitable, secure homes of good quality that meet our needs

This requires:

Investing in measures to improve housing quality in the areas where this is needed.

An appropriate framework to ensure good standards of residential accommodation.

The suitability, security and quality of good housing has no standard definition, but often takes into account factors such as⁴:

- Overcrowding: that the accommodation has enough bedrooms for the size and composition of the household⁵.
- Quality: both the condition of the home itself and of the wider environment in which the home is located.
- Tenure: rights of occupation in a home, whether as owner-occupier or as a tenant⁶.
- Affordability: an issue which is considered in previous chapters.

Suitability can also take into account factors linked to sustainability and the environment. The links between housing and the environment are considered within the Falkland Islands Environment Strategy, which includes topics such as energy efficiency and development⁷.

Housing in the Falkland Islands is generally of a good standard, but there are some specific issues which have been highlighted to us.

Some of the challenges we face in this area:

- Standards of accommodation can vary considerably, and there are pockets of lower standards of housing and infrastructure, particularly in mobile/caravan homes and parks.
- There are concerns about security and suitability of some accommodation in the private rented sector, and reports of opportunistic behaviour from some landlords.

⁴See for example, Suitability of homelessness accommodation, Shelter at:

https://england.shelter.org.uk/professional_resources/legal/homelessness_applications/offers_and_suitability_of_accommodation_for_homeless_applicants/suitability_of_homelessness_accommodation

⁵ See for example Housing Suitability, Statistics Canada at: <https://www12.statcan.gc.ca/census-recensement/2016/ref/dict/households-menage029-eng.cfm>

⁶See for example, What is security of tenure?, Shelter at:

https://england.shelter.org.uk/professional_resources/legal/renting/introduction_to_security_of_tenure/what_is_security_of_tenure

⁷ Falkland Islands Government [2021]. Falkland Islands Environment Strategy 2021-2040. Stanley, Falkland Islands. 51 pages. Available from: website: <https://www.fig.gov.fk/policy/environment/environment-strategy>

What we will do to meet these challenges:

We will introduce an appropriate regulatory framework to encourage good standards in the rented sector, by:

- Working with tenants and private landlords to develop, within two years, regulations that afford tenancy protection rights to those living in private and FIG rented accommodation, as well as providing appropriate protections for landlords
- As part of this work, exploring the possibility of implementing a fair rent scheme.

We want to ensure that adequate safeguards are in place to protect both tenants and landlords from unreasonable behaviour, however the current system is not equipped to deliver on this. We will develop and deliver new regulations to manage standards in the rented sector, addressing some of the key concerns that have been raised with us. To do so, we will work closely in partnership with stakeholders including both tenants and private landlords.

Measures to be developed might include:

- A standardised landlord/tenant lease agreement;
- Default one-year tenure (except by mutual agreement);
- First right of refusal or renewal;
- Limiting rent increases;
- Clarity around acceptable grounds for eviction in case of tenant misbehaviour;
- A standardised notice period of intention to renew lease or vacate property;
- Maintenance and repair obligations for both parties.

We will work to improve housing quality in current and future mobile/caravan homes and parks, by:

- Investing in infrastructure improvements in mobile home parks, to bring it up to a good standard within five years
- Discouraging the creation of mobile/caravan home parks, and improving standards in existing mobile/caravan homes.

Current FIG planning policy already encourages the use of “conventional” homes for permanent accommodation over mobile/caravan homes⁸. FIG policy will discourage the creation of new mobile/caravan home parks, including through planning and the release of FIG-owned land. Other commitments within this strategy, such as the creation of more one-

⁸ Falkland Islands Development Plan [2015]

bedroom homes, will also help to promote low-cost permanent alternatives to mobile/caravan homes and serve as a vital step on the housing ladder.

There is ongoing investment to improve the infrastructure at Murray Heights. We will work with owners of existing caravans/mobile homes (owner-occupied and rental) to improve standards in the accommodation itself. The proposed tenancy protections could include basic standards for services and repair that would apply to rented caravan/mobile homes as well as conventional homes.

Focus area: Housing literacy

We are empowered to make housing decisions and work towards our aspirations

Housing literacy means that people in the Falkland Islands, including policy-makers and the community, are able to access and use information about housing to make well-informed decisions.

Individuals are faced with choices about their housing throughout their lifetime, from moving into their first home, to buying a property, to changing their housing as their needs evolve over time.

For policy-makers and decision-makers, access to accurate data on the housing situation in the Falkland Islands means that policies and interventions, including some of those outlined in this strategy, can be designed to ensure that they are successful and monitored to check that they are having the intended result.

This requires:

Clear communication about the housing choices open to residents in the Falkland Islands, for both the temporary and the permanent population.

Making sure that individuals, households and decision-makers have the ability to access, understand and use relevant housing information.

Ensuring that the relevant housing information and data is available for decision-makers to use, at the right time.

Some of the challenges we face in this area:

- Different people and groups in the community need different types of housing – their needs may change over time and are difficult to predict with certainty.
- There is a lack of reliable data on housing (particularly housing stock and information on the private rented sector) to inform decision-making, understand issues as they develop, and monitor progress.
- Some housing options available in the Falkland Islands are not well-understood within the community – for instance, the detail of the bidding system for serviced plots.

What we will do to meet these challenges:

We will develop a complete and accurate picture of existing housing stock and improve data collection on the private rented sector, by:

- Improving the information held on residential property in the Falkland Islands
- Collecting more regular data on the private rented sector, particularly rental rates.

Reliable information is critical to facilitate good planning and decision-making, and to help ensure FIG resources are used efficiently and effectively, and are directed at the right issues. *Housing for Our Future: Supply, Demand and Policy Options (2020)* summarised the available data and evidence, but also identified the gaps, such as the absence of a single data source with a complete picture on all existing properties and housing units. We will examine if and how we can make better use of existing data sources and fill in the identified gaps to develop a clearer picture of the housing stock across the Islands, including the number of vacant homes.

The 2021 Census will provide some up-to-date data on housing, including the size of rental units (number of bedrooms), the number of occupants, and some information on rental rates. We will investigate how we can collect similar data in between Census years, to provide more regular, up-to-date information in the areas where gaps have been identified. Data would be anonymised and aggregated to provide average, minimum, and maximum rents.

We will introduce resources to help everyone in the community understand their housing choices and make informed decisions, by:

- Providing and promoting clear information on rental rights – starting with what is in place now, and eventually encompassing any new regulatory framework that we introduce
- Introducing clear public guidance on the allocation of serviced residential plots and the competitive bid system
- Providing information on existing routes to home ownership for everyone.

Housing literacy means that everyone is able to access, understand, and use relevant housing data to make choices about their own housing options. We want to ensure that we are providing information in a way that can be used by individuals and households across our community. In the first instance, this means addressing some of the gaps that have emerged as part of this strategy development process, such as access to information on the competitive bid system, or housing options for Work Permit holders who are interested in staying in the Falkland Islands (alongside information about the pathway to citizenship). In the longer-term, this means ensuring that the detailed policy and actions coming out of this strategy (such as any new rental regulations) are communicated effectively to different groups across the community.

What will we do now?

The purpose of the strategy is to provide a clear direction for housing policy and activity across government. It will serve as a starting point for developing further work in the areas identified. Housing is a cross-cutting issue, and a unified effort across multiple directorates and departments is required - although DPED will have lead responsibility for delivery of the strategy overall. The other areas of government that will be most closely involved in delivery are:

- Public Works Directorate (PWD)
- Planning and Building Services
- Attorney General's Chambers
- Treasury

Success will depend on a clear operational framework and robust governance procedures. Ultimately, many of the specific proposals identified in this document will require further detailed consideration and consultation. There will be further engagement as substantive plans are developed, including internally at FIG, with the business community (such as private sector developers), with the public, and with other stakeholders.

The governance and delivery structures set out here will drive and monitor progress on all of the commitments set out within each section of the strategy. Some workstreams are already being developed, and the commitments in this strategy will feed into this ongoing work. More detailed policy proposals will be brought forward for ExCo/Legislative Assembly consideration at the appropriate time. To guide the work on the strategy into the next stages, we will develop a number of workstreams, which will translate the commitments into action, including establishing next steps,

accountabilities, and timeframes for delivery. This will include workstreams looking specifically at:

1) Private sector development

Encouraging private sector developers to contribute towards realising the ambitions set out in this strategy, including by building new affordable rental housing, constructing more multi-unit residential buildings, developing vacant properties, and bringing forward construction on land where permission is granted. Lead Directorate: PWD, with DPED, Treasury, and Planning and Building Services.

2) FIG housing

FIG's direct role in bringing forward housing for the community, covering commitments on the ongoing development and provision of FIG rental housing, local pool allocation policy, review of rental rates for contractors in FIG housing, the sale of older FIG housing units, and the development and delivery of serviced plots. Lead Directorate: PWD, with DPED.

3) Access and affordability

Developing detailed policy programmes to tackle the barriers to accessing affordable housing (ownership and rental), including the issues identified around home ownership in Camp and for lower-income households. Lead Directorate: DPED.

4) Tenancy protections

Developing and implementing appropriate regulations to ensure that adequate safeguards are in place to protect both tenants and landlords. Lead Directorate: DPED, with support from the Attorney General's Chambers.

5) Housing standards

Continued development and implementation of policy on caravan/mobile homes, and infrastructure improvements in caravan/mobile home parks. Lead Directorates: PWD and Planning and Building Services.

6) Data collection and communication

Improving availability and accessibility of data and information on housing in the Falkland Islands for the community and for use in policy and decision-making. Lead Directorate: DPED.

A number of commitments in this strategy envisage FIG action to improve the incentives in the system – including to stimulate more affordable rental housing; to encourage more multi-unit residential buildings; to encourage the renovation of vacant, partially complete or derelict properties; and to promote affordable home ownership for lower-income residents. The overall package will need to be carefully designed, to ensure that it is

affordable and that the elements do not conflict with each other. We aim to complete the detailed work and be in a position to launch a coherent package of incentives by the end of 2022.

These areas of work will continue to be developed by the relevant directorates, who will take account of the ambitions set out in this strategy to guide their work. The investment needed to support this work will be subject to consideration in future budget processes. If changes to the law are required, they will need to be considered against other legislative priorities, and may take time to implement.

The workstreams set out above will be subject to a robust monitoring, reporting and review process. The strategy itself will also be subject to regular review and reporting. The issues set out in this document are not static, and will change over time. Because of the size of the population and number of homes in the Falkland Islands, small developments or changes could have a relatively large impact on the overall picture. Updates to this document should be produced to reflect this. Ongoing monitoring, review and reporting of the strategy and the action plans will be incorporated into regular FIG tracking and monitoring procedures.

Appendix 1: Overview - housing in the Falkland Islands

Where are we now?⁹

Housing stock

In 2016:

- 88.4% of homes in the Falkland Islands were houses
- This was made up of 862 detached homes and 188 semi-detached/terraced homes
- Housing units in flats = 6.5% of housing units
- Mobile/temporary structures = 5.0% of housing units

- 36.8% of housing units had 3 bedrooms
- 31.4% of housing units had 2 bedrooms
- 15 % of housing units had 4 bedrooms
- 9.1% of housing units had 1 bedroom

- 62% of households in the permanent population lived in a home with 3 or more bedrooms
- 29% of households in the permanent population lived in 2-bedroom accommodation
- 44% of households in the temporary population lived in a 2-bedroom housing unit
- 46% of households in the temporary population were in houses of 3 or more bedrooms
- One-bedroom housing units were about 10% of the total in both cases

Household profile

In 2016:

- 57.2% of Falkland Islands households owned their own home
- 32.7% of home owners owned outright, 24.5% owned with a mortgage
- 31.8% of households rented their accommodation
- 9.2% of households occupied their accommodation free of rent
- Rate of home ownership in the permanent population = 71%
- Home ownership in Camp = 60%
- Home ownership in Stanley = 56.7%

- 357 1 person households
- 438 2 person households
- 200 3 person households
- 149 4 person households
- 77 households of 5 people or more

⁹ This information is intended as a snapshot of available housing information in the Falkland Islands. All information is taken from the report *Housing for Our Future: Supply, Demand and Policy Options [2020]* and from the *Falkland Islands Census [2016]*. For a fuller report of data available, please refer to the original reports.

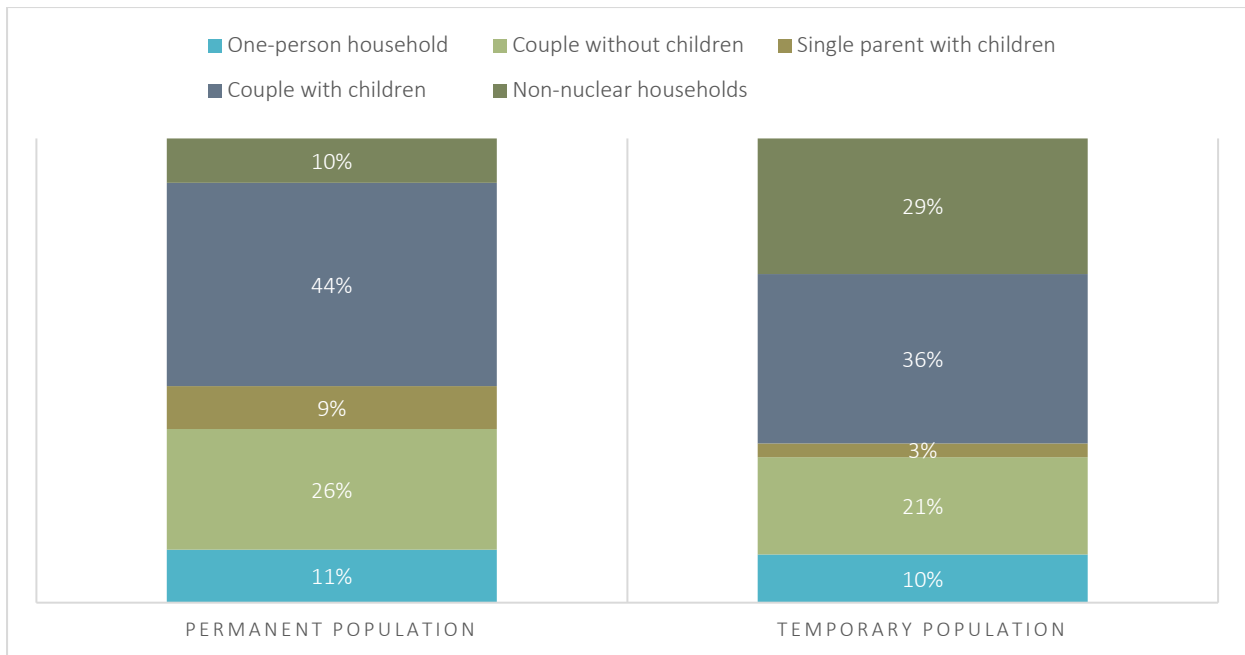


Figure 1: Population in households by population category and household type, Census 2016. This graph shows the breakdown of household type within the temporary and permanent population. Couples with children are the dominant household type in both populations. In the temporary population, the second largest household type is non-nuclear households. In the permanent population, the second largest household type is couples without children. There is a higher proportion of single parents with children in the permanent population. The proportion of one-person households across both populations is roughly the same.

Quality

In 2016:

- 83% in Stanley rated their housing as ‘good’ (the highest rating)
- 76% in Camp rated their housing as ‘good’ (the highest rating)
- Only 1.7% in Stanley rated their housing as not suitable to their needs
- Only 1.9% in Camp rated their housing as not suitable to their needs
- 75% of all housing units were older than 10 years (of which 37% were older than 30 years)
- 15% of all housing units were less than 6 years of age

Affordability

In 2020:

- Estimated private sector rental rate for a 2-bedroom home was £750 - £1000
- Estimated private sector rental rate for larger homes was £1200 - £1800 (average £1,500)
- Rental housing is affordable to the average household, based on median incomes observed during the Census
- Private sector rents for 2-bedroom units could be unaffordable for households earning <£30,000/year
- Rental rates for larger homes only affordable¹⁰ to households earning £45,000 and above, most likely dual income

¹⁰ Following standard measures of affordability e.g. 1/3 of gross income, 50% of net income

Ownership

- In 2016, average monthly home mortgage payments = £475
- Analysis of data of home mortgages subscribed between 2015 – July 2019 show an average monthly payment of £651 (likely due to higher build or purchase costs in later years)
- Evidence suggests that home ownership is affordable – however, households with incomes of less than £30,000 would likely not qualify for a mortgage
- Some prospective new homeowners in Camp have difficulty accessing mortgages

Planning for the future

Population growth

Understanding and planning for the housing needs in the Falkland Islands is fundamentally linked to modelling future population trends. In the Falkland Islands, we expect the population size to continue to increase over time because of an increasing demand for foreign workers as the economy grows, as well as the demographic aging of the current permanent population.

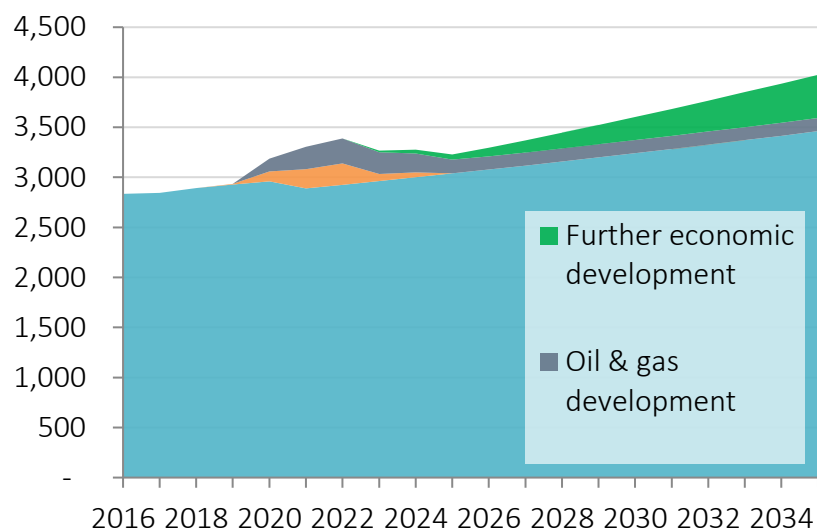


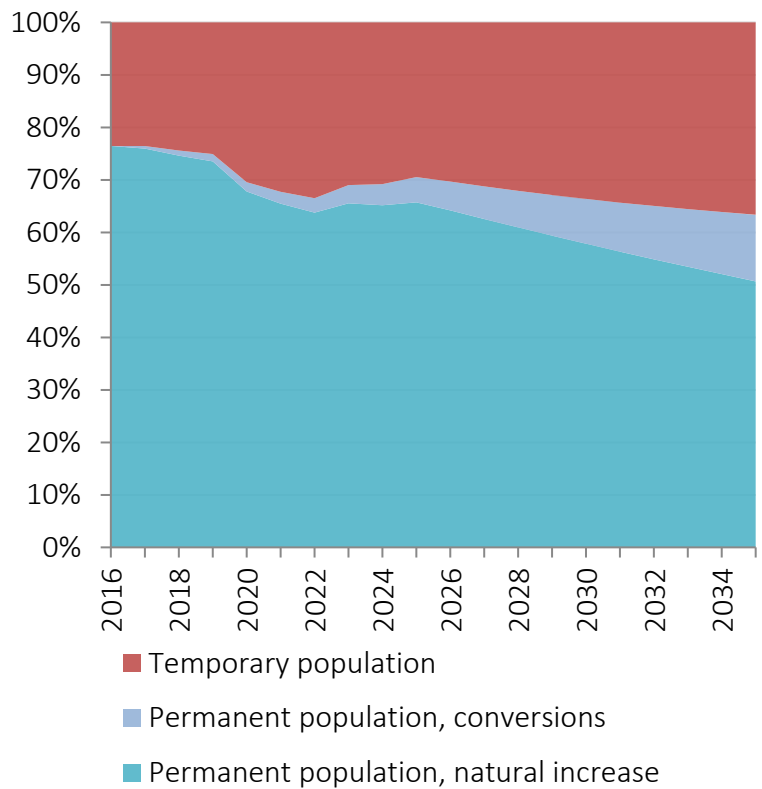
Figure 2: Population growth projections. Shows an expected increase in population to around 4,000 by 2035 (not including civilians at Mount Pleasant Complex), at an average rate of growth of 63 people per year. These figures include a possible short-term spike in population between 2020-2025 for major infrastructure projects and the potential start of the Sea Lion oilfield development¹¹.

¹¹ It is expected that this spike will be almost entirely comprised of transient short-term, unaccompanied temporary workers who will be accommodated in special-purpose temporary accommodation, and therefore will not affect demand for permanent housing. Further information on how this expected short-term surge accounted for in housing demand projections can be found in *Housing for Our Future: Supply, Demand and Policy Options [2020]*.

Population composition

As the economy grows and more workers are needed, recruitment of more workers from abroad will increase the number of work permit holders in the population. By 2035, it is expected that 37% of the total population will be temporary (work permit holders and their families). This will change the type, size, and tenure of homes that are needed in the Falkland Islands.

Figure 3: Population projections, permanent vs temporary population. Shows that, without efforts to encourage individuals to stay and take up permanent residence and ultimately Falkland Islands status, the percentage of temporary workers in the overall population is set to increase to about 35% over the long run.



Comparison of demand and supply

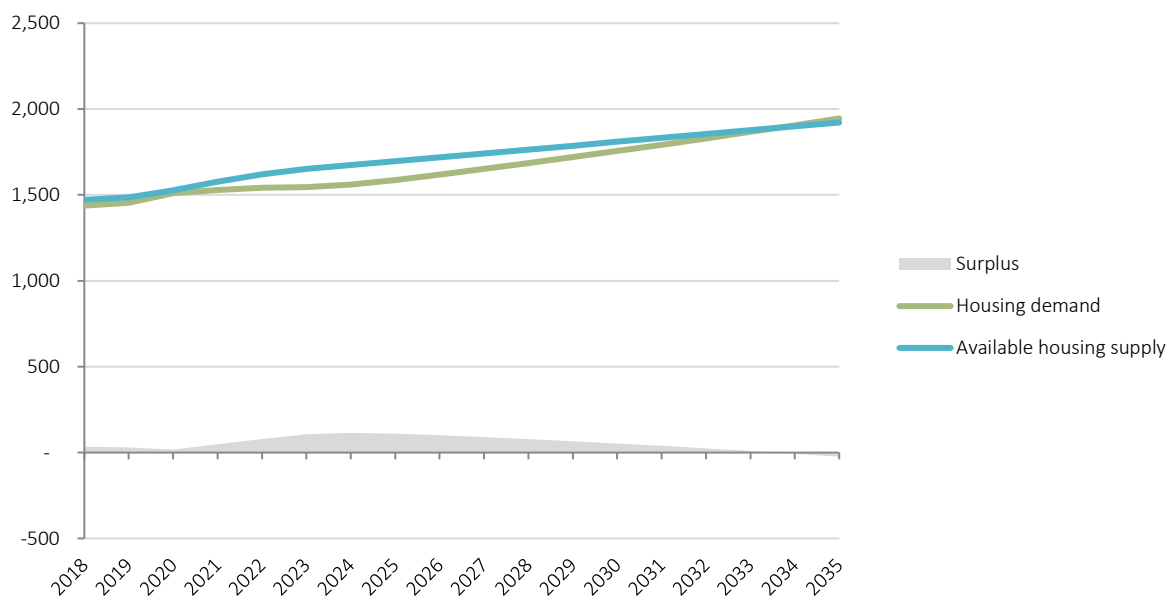


Figure 4: Comparison of housing demand and supply, 2018-2035. Shows that currently there are sufficient housing units to meet demand. However, this includes a number of housing units which are not currently available on the market (e.g. vacant homes).

As the proportion of temporary workers is expected to grow, this will mean there is more demand for rental units. It is anticipated that 71% of the total increase in households will require rental accommodation. In the current conditions, a significant gap between the demand and supply of rental homes could develop after 2025, and actual shortages could take place earlier than this, which may exacerbate issues such as over-crowding. This would particularly be the case in the affordable range. FIG rental housing is let at a significantly lower level than current market rates, but is insufficient to meet demand for either social or contractor housing.



Figure 5: Comparison of housing demand and supply by tenure, rented or occupied free of rent, 2018-2035. Shows a current shortage of rental housing units, with a bigger gap projected to develop after 2025.

It is estimated that in the long term there will be a higher need for 1-bedroom and 2-bedroom housing units, based on a breakdown of average household size¹².

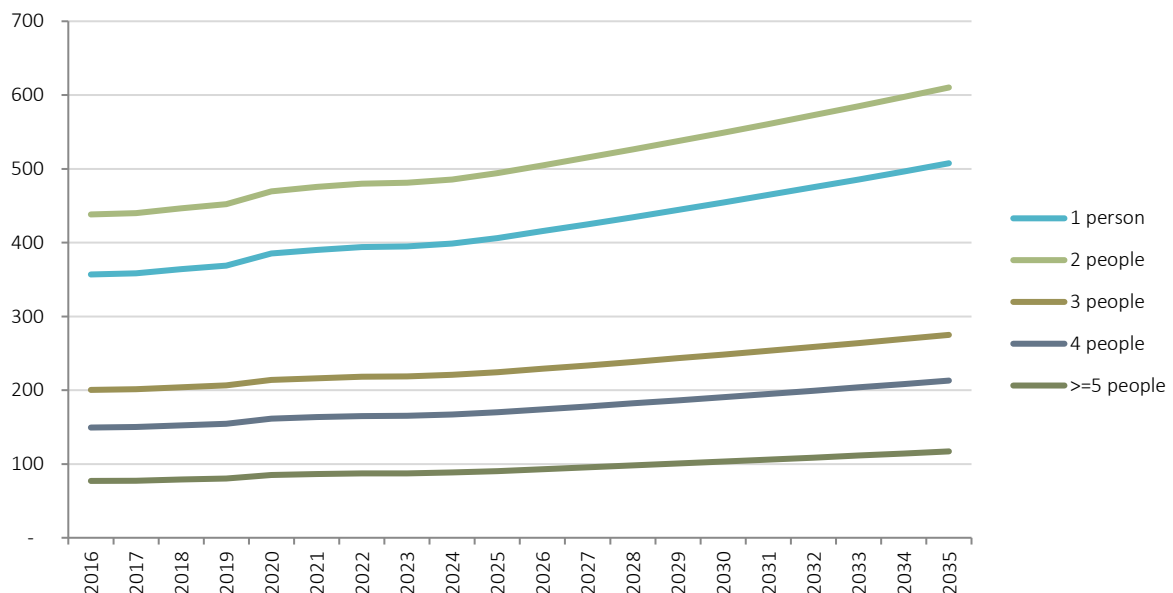


Figure 6: Number of households by household configuration, 2016-2035. Shows a larger increase in the expected number of 1 and 2 person households over time.

¹² Full details of household projections can be found in *Housing for Our Future: Supply, Demand and Policy Options [2020]*.

While housing supply is projected to be sufficient to meet demand for houses with two bedrooms or more, the expected number of single-person households in the total population suggests that supply of 1-bedroom homes will be below demand. Evidence from the 2016 Census shows that only 28% of single-person households in the temporary population live in a 1-bedroom housing unit, which is assumed to be partly caused by the scarce availability of 1-bedroom housing units overall. The requirement for bigger houses (houses with 3, 4 or more bedrooms) is expected to be lower, and supply is expected to exceed or meet demand.

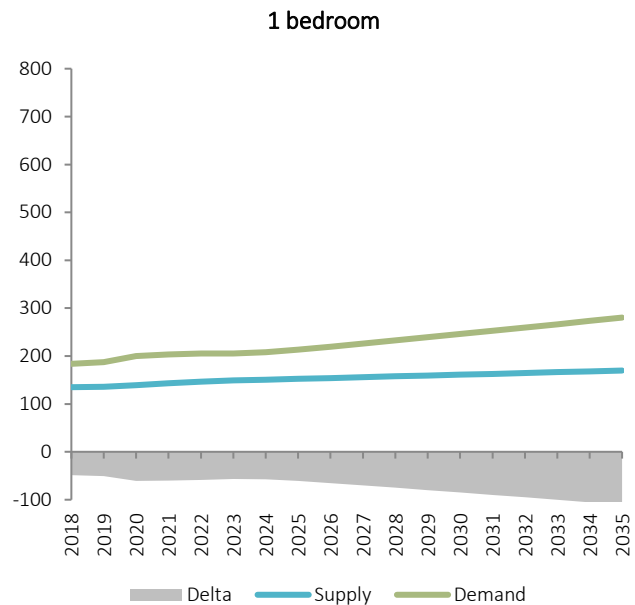


Figure 7: Comparison of housing demand and supply, 1-bedroom units, 2018-2035. Shows that the supply of 1-bedroom units is projected to be below demand for the whole of the forecast period.

There are a number of other housing challenges identified¹³:

Access to home ownership in Camp

Building a new home can cost as much as 30-45% more in Camp than in Stanley¹⁴. Camp households are eligible for both mortgage products available in the Falkland Islands, with similar rules as borrowers based in Stanley. However, a higher cost to build effectively increases the minimum down-payment required. All borrowers must also demonstrate that their incomes will keep them within the maximum debt servicing ratio of 50%. Anecdotal evidence suggests that some prospective Camp buyers have difficulty accessing mortgages as a result of the higher costs to build in camp or issues demonstrating sufficient income to qualify.

“Worried that living in camp is put into a ‘difficult pile’ rather than looked at as part of the issue we need to overcome. There isn’t assistance that lines up in a way that is solely dedicated to making home ownership easier there.”

“...the additional costs that are incurred when building in Camp put those wishing to do so at a severe disadvantage...I’m sure there’s people wishing

¹³ These pressures are outlined in further detail in *Housing for Our Future: Supply, Demand and Policy Options [2020]*. All quotes shared in this Annex are taken from the public consultation report *Housing for our Future, Report following public consultation on policy options to address the challenges of growth and affordability [2021]*.

¹⁴ Camp House Building, Falkland Islands Development Corporation for the Rural Development Group [2018]

to live in Camp, not necessarily as farmers, but the costs prevent them from doing so.”

“The key issue of building in Camp is the additional cost compared to Stanley, as well as the cost of putting in services (water, power, and communications) and this may not be reflected in the potential resale value of Camp homes.”

Affordability in the private rented sector

Private sector rents appear to be significantly higher than rents charged for equivalently sized FIG-owned housing. It is estimated that private sector rents for 2-bedroom units could be unaffordable for households earning less than £30,000 per year, while rental rates for larger homes are only affordable to households earning £45,000 and above – most likely dual income. Single-wage earners would struggle to find affordable accommodation in the private rental sector.

Security, suitability and standards in the private rented sector

There are some reports of opportunistic behaviour in the private rented sector, including linked to the previous oil exploration campaign. Some tenants were seemingly faced with sudden, steep rent increases or forced to vacate their accommodation. It is indicated that some private sector landlords

The COVID-19 Impact Assessment team reported [ExCo 36/21] being told about:

- Tenants being asked to move out before the end of their tenancy
- Significant mid-tenancy rent increases with no notice
- High rent/poor quality tied accommodation
- Tenancy rights in houses of multiple occupancy

prefer to keep properties vacant in anticipation of future “super-heated” demand, and we can expect some of these issues to re-emerge if the supply of rental housing remains constrained. Some of these issues were also highlighted during COVID-19 recovery work. There are reports of overcrowding in some housing units.

“My son and his girlfriend have to live with me because they can’t afford to rent privately on their wages- it would cripple them! Both are FIG employees who contribute to the community...All they can do is save and build...but not everyone wants to be tied to a mortgage.”

“Private rents are out of control. Although they seem to have no problem getting tenants you have to question their standard of living. I have heard rumours of overcrowding, people turning sitting rooms into extra bedrooms and families sharing bedrooms. A friend of mine recently gave up their rental home as their landlord doubled his rent overnight to reflect the top end of the market.”

“At present, rent on private housing is, in many cases, unaffordable. However, demand is extremely high which has led to overcrowding in unsuitable

accommodation. We are close to some landlords being described as 'slum lords' which is simply unforgivable."

Affordability of home ownership in Stanley

Some segments of the population (households earning below a median income of £30,000) would likely not meet the lending criteria for a mortgage. At any given time, there are few homes available on the resale market, which puts pressure on new home construction and the continuous creation of serviced land for sale. This drives up bidding for serviced land, which can make it difficult for lower-income first-time owners to afford home ownership.

"I think any help FIG can provide to people to be able to purchase a property and get on the housing ladder would be a huge benefit to the local community"

Housing quality

In the 2016 Census 83% of households in Stanley and 76% in Camp rated their housing as 'good' (the highest rating). However, it is recognised that housing quality is variable across the Islands. In particular some accommodation in the mobile home park is substandard. Some older FIG accommodation, particularly what are described as 'cabins', is in poor condition. In addition, public infrastructure such as roads in the mobile home park is not to the same standard as in other Stanley neighbourhoods.

"The roads are unsurfaced and there are no pavements or street lighting. There is little privacy, with no thought having been put into layout or landscaping, or even the provision of basic windbreaks."

Vacant/derelict properties

It appears some older houses in the centre of Stanley are either uninhabitable and vacant, or in need of considerable renovation. This could feed into some of the other issues identified, especially if there are vacant homes which could be made available for rent but are not on the market, or are available only at rents which are unacceptable to most prospective tenants.

Lack of data and accessible information

Data on the number and condition of houses in Stanley and Camp is incomplete, and there is insufficient accurate information on rental costs and availability in the private sector. The pressures on the housing market outlined above will require frequent and accurate monitoring to ensure that they do not escalate. The absence of comprehensive data could hinder informed decision-making and the ability of FIG, MLAs, and the public to monitor the current situation and the impact of policies, programmes and actions intended to address housing concerns.

Evidence also suggests that some information about the housing system in the Falkland Islands could be better shared. 44% of respondents to the Housing for our Future survey¹⁵ indicated that they were unsure if the competitive bid system for serviced plots is easy to understand, and 21% felt that it was not easy to understand. Anecdotal evidence suggests that information

¹⁵ Housing for our Future, Report following public consultation on policy options to address the challenges of growth and affordability [2021]

on existing housing options (including home ownership) for Work Permit holders could be better shared, to encourage eligible members of the temporary population to explore this option.

Appendix 2: Strategy development process

In 2020, the Falkland Islands Government undertook a study to estimate housing demand and supply over the next 15 years in both the rental and home ownership markets. The final report, *Housing for Our Future: Supply, Demand and Policy Options*, was published in August 2020. It set out an estimate of housing demand and supply over the next 15 years, looking at both the rental and home ownership markets. It also examined affordability, quality, and the role of the private sector in developing housing. It identified a number of issues and pressures in the housing market, and set out policy priorities and options identified by FIG in response to those issues. Please see *Appendix 3* for a more detailed description of the methodology, modelling, and assumptions used to develop the report.

Housing for Our Future was then subject to a detailed public consultation process to communicate the findings of the report and seek public views on the proposed policy options.

The consultation ran for 8 weeks and included:

- Presenting the report findings and discussing the proposed policy options with Chamber of Commerce members, and at a series of public meetings in Stanley and Camp;
- A detailed questionnaire to gather public views on each of the proposed policy options.

Using the findings of the survey¹⁶, the level of public support for the policy options set out was used to inform more detailed discussions with MLAs and subject experts within FIG. Options were refined with a specialist Housing Strategy Working Group, including representatives from key directorates and departments:

- Public Works
- Planning and Building Services
- Treasury
- the Attorney General's Chambers.

The strategy follows the structure of the report in that it focuses principally on supply and demand issues, but also looks at related policy areas such as affordability, housing quality, and the role of the private sector. The strategy does not look at recommendations on land use, housing density, and building construction and standards.

¹⁶ Housing for our Future, Report following public consultation on policy options to address the challenges of growth and affordability [2021].

Appendix 3: Methodology

The recommendations in this strategy are based on the paper *Housing for Our Future: Supply, Demand and Policy Options [2020]*. Please refer to the paper directly for a full, detailed explanation of the modelling used. The following is a summary of key points relating to the assumptions and methodology in that report, which have, in turn, informed the development of this strategy:

- Housing demand projections do not include the short-term housing needs for an expected short-term workforce surge, which is assumed will be met by transient, largely unaccompanied foreign workers. This short-term increase in construction workforce could occur, should the Sea Lion project be sanctioned and all planned government infrastructure projects go forward. It is expected that these temporary workers will be accommodated in special-purpose temporary accommodation, and therefore will not affect demand for permanent housing.
- Evidence on the size and characteristics of the housing stock in the Falkland Islands was mostly derived from data in the last Falkland Islands Census (2016); additional information has been obtained from other unpublished sources, including FIG databases kept by PWD Housing, Planning and Building, and Treasury.
- Household and housing projections included in the paper are based on the outcomes of a population growth model developed in June 2018 by the FIG Policy and Economic Development Unit, which aimed at projecting population growth in the Falkland Islands under a number of scenarios and based on a number of assumptions. The model is regularly updated as new information becomes available and projections reflect all data available to December 2019.
- The methodology, assumptions, and results of the population growth model have been extensively described in the paper ‘Socio-economic impacts of oil & gas development in the Falkland Islands. Employment and population growth. A wider perspective’ (October 2019) prepared by the FIG Policy and Economic Development Unit. Population projections presented refer to a ‘central case’ scenario and incorporate a high level of uncertainty.
- Housing demand and supply projections – as well as projections of the gap between demand and supply (i.e. surplus or shortages of housing supply against demand) – should not be taken as an exact forecast of what will happen future years, primarily because they are based on a large number of assumptions that may or may not hold in the future. Such assumptions are dependent, among other drivers, on the housing policies that the Falkland Islands Government will choose to adopt in the future. Therefore, all projections presented must be considered only in light of their ability to reveal a number of trends that will unfold in the future if FIG does not take appropriate measures to reform current housing policies.

Housing for our Future:

Public consultation on policy options to address
the challenges of growth and affordability



Falkland Islands Government
Directorate of Policy
& Economic Development

January 2021





Housing for our Future: Public consultation on policy options to address the challenges of growth and affordability

Background

The Housing – Supply, Demand and Policy Options report was published by the Policy and Economic Development Unit in August 2020, and sets out an estimate of housing demand and supply over the next 15 years in both the rental and home ownership markets, as well as examining affordability, quality and the role of the private sector. It presents a detailed analysis of the issues faced and sets out the policy priorities and policy options FIG has identified in response to those issues.

Alongside the publication of the report, the Policy and Economic Development Unit launched a programme of public consultation activities which communicated the findings of the report and sought the public's views on FIG's proposed policy options to address housing challenges in the Islands. The consultation period ran for 8 weeks from 3 September to 25 October 2020 and activities included:

- Launching a consultation paper and questionnaire which sought public opinion on the proposed policy options
- Presenting the report findings and discussing the proposed policy options with Chamber of Commerce members, and at a series of public meetings; two in Stanley and three in Camp

This report provides a high-level summary of the responses received from the public questionnaire in relation to each of the proposed policy options. Although not government policy, these results will help inform FIG's future housing policy development work. Further consultation on specific issues will be carried out with relevant parties as this work continues.



Summary of key findings by priority area and linked policy options

Policy Priority 1: Insufficient supply of rental housing in Stanley

Policy Options for providing support for first time buyers – ranked preferences

		Rank Score
	Most preferred	
	Increase the pace of new residential land development and release	6.9
	Increase the number of plots set aside for the First Time Buyer Scheme	5.8
	Make smaller, more affordable plots available	5.7
	Create a Rent-to-buy scheme	5.5
	Sell off older FIG properties to tenants or lower income residents	5.3
	Increase amount buyers can borrow through Joint General Mortgage Scheme	4.9
	Provide special subsidies or opportunities for lower income buyers	4.9
	Create a first-time buyers tax free savings scheme	4.7
	Least preferred	
Provide incentives for first time buyers of resale homes	4.6	

The weighted average ranking for each option produces its rank score. The Option with the largest rank score is the most preferred choice. In a list of e.g. 7 options, the rank score ranges from 0.0 to 7.0, with 7.0 representing the highest preference.

Policy Option 1. FIG to accelerate creation and release of more serviced plots for subsidised purchase in Stanley, with option to create smaller plot sizes

The majority of respondents agreed with this proposal (83%, n=77) and no major differences were found in terms of the different respondent categories.

A total of 25 respondents indicated they are currently renting their accommodation; while 58% (n=15) indicated they would be interested in purchasing a smaller plot, no comparisons by respondent or household characteristics are made due to the small size of this sub-group.

Policy Option 2. FIG to set aside a higher percentage of each residential land release for qualified lower income first time buyers.

Approximately two thirds of respondents agreed that FIG should set aside a higher percentage of each release for the first time buyer’s scheme, and a similar proportion indicated that access to the most subsidised plots be provided to lower income households first.

Households with lower levels of income and savings were more likely to agree that a greater proportion of land releases should be for lower income first time buyers, but interestingly; households with higher income and savings levels were more likely to indicate that access to subsidised plots should be offered to lower income households first.

Those who are currently renting their home were more likely to agree with each aspect of this proposal, compared to those who own their home. Both landlords and those who have developed properties for renting were considerably less likely to agree that a higher proportion of each release should be for first time buyers.

In relation to the competitive bid system for housing plots, younger respondents were more likely to say the current system is fair, but were less likely to indicate the system is easy to understand.



Households with higher income and savings levels were more likely to indicate the current system is fair and easy to understand. Both landlords and property developers were more inclined to think the bid system is easy to understand compared to other respondents. However, almost two thirds of developers thought the system is unfair, compared to just under a half of all other respondents.

Policy Option 3. FIG to provide equivalent incentives for first-time buyers purchasing in the resale market

Overall, the majority agreed that FIG should provide equivalent incentives for first-time buyers who wish to purchase a resale property (71%, n=66).

Younger age groups were more likely to agree with this proposal as were households with lower levels of savings, and those who are currently renting.

Respondents who are landlords, or those who have developed properties for rent, were less likely to agree that equivalent incentives should be provided.

Policy Option 4. Relax restrictions on home ownership for Work Permit Holders

Respondents were largely divided as to whether Work Permit holders with at least a 3-year permit should be permitted to either purchase a resale home on arrival or purchase residential land to build their own home.

While some respondents identified social and economic benefits from encouraging Work Permit Holders to commit to the Islands by purchasing or building a home, some also highlighted concerns relating to reduced market access for permanent residents; and creating the conditions for absentee landlords, or empty or unfinished properties, should those Work Permit holders decide to leave the Islands.

Younger respondents were less likely to agree with the proposal, as were households with lower levels of income and savings, and those who currently rent out properties. Developers of properties for rent were more likely to agree with relaxing restrictions for Work Permit holders.

Policy Option 5. Provide incentives for existing property owners to improve vacant, partially complete or derelict properties and bring them into the rental market

79% of respondents (n=74) agreed that FIG should provide financial or tax incentives to bring vacant properties into housing market.

Respondents who currently rent out properties tended to disagree more with the proposal, whereas those who have develop properties for the rental market tended to agree more. However, given the small number of respondents in each of these groups, the findings are inconclusive.

In relation to imposing penalties on property owners who continue to maintain vacant, derelict or partially completed homes; older respondents, those with lower levels of income and savings, and those who live in rented accommodation, were more likely to agree with imposing penalties.

Current landlords and those who have developed properties for rent were less likely to agree with the proposal, but no clear differences in these groups were found.



Policy Option 6. Increase pace and investment in FIG rental housing construction

Overall, respondents were divided as to whether FIG should remain the primary provider of rental accommodation. Households with higher levels of income and savings were more likely to agree that FIG should be the primary provider, as were those currently renting their accommodation. Respondents who rent out or develop properties for rent were more inclined to disagree.

When asked if FIG should encourage the private sector to develop new rental housing, including affordable homes; 88% (n=82) agreed with the proposal. No clear differences emerged in terms of the different respondent categories.

Similarly, when asked which type of rental housing FIG should prioritise investment in, no one type of housing was clearly prioritised above the other; however, all respondents who either rent out properties or who have developed properties for rent agreed that FIG should encourage the private sector to develop new rental housing.

Policy Option 7. Change the mix of rental housing to include more multi-unit buildings

Over three quarters of respondents indicated that FIG should undertake or encourage the construction of multi-unit residential buildings.

No major differences were found between respondent groups; however, younger households and those with lower household income were more likely to agree. Those who have developed properties for renting were less inclined to agree with the proposal.

Policy Priority 2: Affordability of rental housing in Stanley

Policy Options to improve affordability of rental housing in Stanley – ranked preferences

		Rank Score
	Most preferred	
	Increase the FIG local rental housing pool, regardless of income level	3.4
	Provide incentives for private sector provision of affordable rental housing	3.3
	Designate a greater portion of the FIG local housing pool for low income residents	3.1
	Implement rent controls	3.0
Least preferred	Use the welfare benefits system to help eligible low income households meet shelter costs, regardless of whether they are in FIG or private rentals	2.5

The weighted average ranking for each option produces its rank score. The option with the largest rank score is the most preferred choice.

Policy Option 8. Provide incentives for affordable rental housing

88% of respondents indicated that both FIG and the private sector should be responsible for the provision of affordable rental housing (n=83).

No major differences were found between respondent groups; however, younger households and those with higher household income were more likely to agree. All respondents who have developed properties for rent agreed that both FIG and the private sector should provide affordable rental housing.



93% (n=85) indicated that FIG should provide incentives to the private sector to develop housing, of whom the majority responded that conditions should be attached to any incentives. Those who rent out or develop properties for rent were less likely to agree with the inclusion of any conditions.

60% of respondents agreed that FIG should be involved in the regulation of the private sector rental market; agreement was highest in younger respondents, households with lower levels of income and savings, and those who currently rent their home were almost twice as likely to agree with the proposal. Respondents who are landlords were significantly opposed to FIG involvement in regulation of the market.

Policy Priority 3: Affordability of home ownership in Camp

Policy Option 9. Increase the Joint General Mortgage Scheme cap for first time home buyers in Camp

Overall, 60% of respondents (n=55) agreed that FIG should provide a higher mortgage guarantee for first time home buyers in Camp, however 27% (n=25) were unsure.

No clear differences emerged across the respondent groups, but those that own their own home were more likely to agree with the proposal than those who are renting.

While just four survey respondents indicated they lived in Camp, all agreed with the proposed amendments to the JGMS for Camp first time buyers.

Policy Priority 4: Affordability of home ownership for lower-income residents in Stanley

Policy Option 10. FIG to create a First Home Buyer Scheme

Three quarters of respondents to the survey (n=70) agreed that FIG should create a tax-free savings scheme to assist first-time buyers save towards their first home. Households with lower levels of income and savings were more likely to agree with the proposal, along with those currently renting their home.

Current landlords and those who have developed properties for rent were less likely to agree with the creation of such a scheme.

Policy Option 11. FIG to sell older FIG properties to current low income tenants, at cost recovery

The majority of respondents (66%, n=61) preferred the proposed option where existing FIG tenants, regardless of household income, are given the opportunity to purchase their home.

Offering any low-income buyer, whether an FIG tenant or not, the opportunity to purchase an eligible FIG house was the next most preferred option, indicated by 57% of respondents (n=52).

Limiting the opportunity to purchase an FIG house to low-income tenants was the least preferred option, with 48% of respondents (n=43) agreeing with this proposal.

Across all three options, younger respondents, those who rent their home and households with lower levels of income and savings were more likely to agree with the proposals. Those who rent out properties or who have developed properties for rent were less likely to agree with the proposed options.



Policy Option 12. FIG to create a Rent-to-Buy Scheme

Almost two thirds of survey respondents (n=57) indicated that FIG should establish a Rent-to-Buy scheme for first-time buyers, regardless of household income. This option was most preferred by younger respondents, households with lower income and savings, and those who are renting.

Reserving the proposed Rent-to-Buy scheme for low-income residents only was a less popular option, with 36% agreeing that this type of scheme should be introduced. Again, those most likely to agree with the proposal were younger respondents, households with lower income and savings, and those who are currently renting.

Respondents who have developed properties for rent tended to disagree with introducing either version of the proposed Rent-to-Buy scheme. Respondents who currently rent properties out also disagreed with a Rent-to-Buy scheme for all first-time buyers, but were more inclined to agree with a scheme reserved for lower income residents only.

Policy Priority 5: Housing quality and suitability

Policy Options to improve standards in existing homes – ranked preferences

		Rank Score
	Enforce minimum residential building standards	3.1
	Improve basic services infrastructure in the existing caravan park	3.0
	Implement a temporary freeze on new caravan parks	2.2
	Enforce residential building standards but only for rental units	1.6

The weighted average ranking for each option produces its rank score. The option with the largest rank score is the most preferred choice.

Policy Option 13. Implement a moratorium (temporary freeze) on caravan/mobile home parks and improve standards in existing homes

Overall, almost half of respondents agreed with the proposal that caravan-type homes could be sited on a single residential lot provided certain safety and construction standards are met. Older respondents and those with lower levels of income and savings were more likely to be in favour of this proposal. Property developers were twice as likely to disagree with this option compared to other respondents.

A similar profile of respondents also agreed that a caravan or mobile home should be allowed on a residential property where a house already stands, however this was a less popular proposal overall – agreement with this option fell to a third of all survey respondents.

Those who develop properties for renting were largely opposed to implementing either of the proposal regarding caravans or mobile homes on residential sites.

The majority of those who responded, 89%, agreed that caravans and mobile homes should have to comply with standards for basic construction, safety and energy efficiency.



Policy Priority 6: Security of tenure in rental accommodation

Policy Option 14. Introduce landlord and tenant protections

Over three quarters of respondents agreed that FIG should work with stakeholders to develop voluntary governing guidelines and standardised terms for landlord/tenant agreements.

Almost all of those currently renting their home agreed with this proposal, however respondents who are landlords and those who develop properties for rent were more likely to disagree with the introduction of landlord and tenant protections.

The proposal to make a standardised landlord/tenant agreement mandatory was slightly less agreeable to all, including respondents who live in rented accommodation, but particularly for those who rent out or develop properties for rent, who were almost twice as likely to disagree with the introduction of a landlord/tenant agreement.



Survey Findings

Respondents

A total of 94 surveys were completed and returned; demographic profiles of respondents and households are presented in Tables 1 and 2. Please note throughout the report that per cent totals may not sum to 100 due to rounding.

Table 1: Demographic profile of respondents

Variable	Group	n	%
Immigration status	Falkland Islands Status holder	81	86%
	Permanent Residence Permit holder	6	6%
	Work Permit holder	7	7%
	- Permit valid for ≤ 3 years	4	4%
	- Permit valid for > 3 years	3	3%
	Not answered	0	
Location	Stanley	89	96%
	East Falkland	4	4%
	West Falkland	0	
	Outer islands	0	
	Not answered	1	
Age groups	19-30	9	10%
	31-40	20	22%
	41-50	23	25%
	51-60	22	24%
	61-70	15	16%
	71-80	4	4%
	Not answered	1	
Annual household income	less than £10,000	1	1%
	£10,000-£25,000	14	16%
	£25,001-£60,000	57	65%
	Over £60,000	16	18%
	Not answered	6	
Total household savings	less than £10,000	32	39%
	£10,000-£25,000	26	31%
	£25,001-£60,000	8	10%
	Over £60,000	17	21%
	Not answered	11	
Number of properties owned Including primary residence	Total number owned	105	100%
	- Houses in Stanley	94	90%
	- Mobile properties in Stanley	0	0%
	- Houses in Camp	6	6%
	- Mobile properties in Camp	5	4%
Market activity	Respondents currently renting properties out	17	36%
	Respondents who have developed properties for rent	8	12%
	Not answered	30	



Table 2: Respondent household characteristics

Variable	Group	n	%
Tenure of primary residence	Rented	25	27%
	- <i>Renting from FIG</i>	12	13%
	- <i>Renting in private sector</i>	11	12%
	- <i>Unspecified</i>	2	2%
	Owned	67	71%
	- <i>Owned with mortgage</i>	24	26%
	- <i>Owned outright</i>	43	46%
	Living rent-free	2	2%
Not answered	0		
Household type	Single person household	21	23%
	- <i>Single person without children</i>	14	15%
	- <i>With children <18</i>	5	5%
	- <i>With children <18 & children/adults ≥18</i>	2	2%
	Partnered adults household	71	76%
	- <i>Partnered adults without children</i>	37	40%
	- <i>With children <18 years</i>	21	23%
	- <i>With children/adults ≥18</i>	7	8%
	- <i>With children <18 & children/adults ≥18</i>	6	6%
	House share	1	1%
	Not answered	1	
Household composition		n	Mean(median)
	Total number of people in households	248	2.7 (2.0)
	- <i>Adults aged 18 years and over</i>	193	2.1 (2.0)
	- <i>Children aged <18 years*</i>	55	2.6 (2.0)
Number of bedrooms in household	Single person household	49	2.3 (2.0)
	- <i>Single person without children</i>	29	2.1 (2.0)
	- <i>With children <18</i>	15	3.0 (3.0)
	- <i>With children <18 & children/adults ≥18</i>	5	2.5 (2.5)
	Partnered adults household	206	2.9 (3.0)
	- <i>Partnered adults without children</i>	93	2.5 (2.0)
	- <i>With children <18 years</i>	66	3.1 (3.0)
	- <i>With children/adults ≥18</i>	25	3.6 (4.0)
	- <i>With children <18 & children/adults ≥18</i>	22	3.7 (3.5)
House share	9	9 (9.0)	

*Average values are for households with children aged <18 years.

Throughout this report, the responses to individual questions are compared across different categories of respondents based on their individual or household characteristics where possible. However, the relatively small response to the consultation survey means that the findings should be interpreted cautiously; in-depth comparisons cannot be reliably made, nor can the results be generalised to the larger population. Nonetheless, the findings provide valuable insight in the public's opinions of the proposed policy options.



Policy Priority 1: Insufficient supply of rental housing in Stanley

FIG has identified the following main causes for an insufficient supply of rental housing in Stanley:

- inadequate supply in the private market;
- increasing proportion of temporary (work permit) residents on total population;
- restrictions on home ownership for temporary (work permit) residents that make it difficult for non-permanent residents to purchase their primary residence;
- FIG capacity to commission and deliver public housing, particularly on accelerated timelines;
- cost and availability of resale homes or serviced land for purchase by existing renters.

The Housing Report described two overarching solutions to address this Priority; the first is to reduce demand for rental accommodation, and the second is to increase supply of rental housing. With that in mind, we presented the following seven Policy Options to the public and sought their views on each.

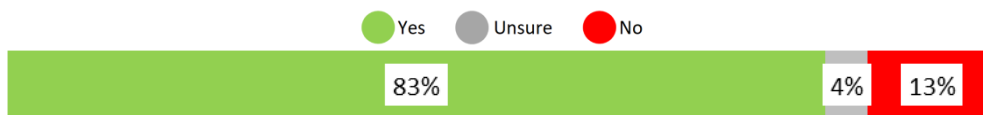
Policy Option 1. FIG to accelerate creation and release of more serviced plots for subsidised purchase in Stanley, with option to create smaller plot sizes

Key findings

The majority of respondents agreed with this proposal (83%, n=77) and no major differences were found in terms of the different respondent categories.

A total of 25 respondents indicated they are currently renting their accommodation; while 58% (n=15) indicated they would be interested in purchasing a smaller plot, no comparisons by respondent or household characteristics are made due to the small size of this sub-group.

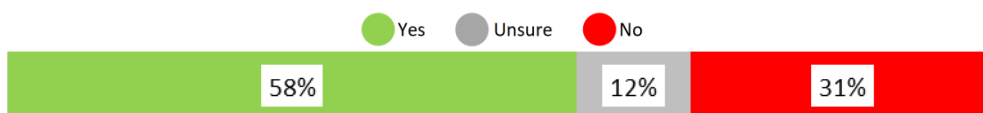
Question 1: When FIG is developing new, serviced residential land, should it create some smaller plots that would be available at a lower purchase price?



Comparison of responses by respondent and household characteristics

Age group	No major differences, those aged 41-60 more likely to agree with proposal to create smaller plots at a lower purchase price: 89% compared to 79% (19-40) and 72% (61-80).
Household income level	
Household savings level	No major differences.
Accommodation tenure	
Respondents who are landlords	No major difference, but less likely to agree with proposal to create smaller plots at a lower purchase price: 71% compared to 83%.
Respondents who are/have been property developers	No major difference, but less likely to agree with proposal to create smaller plots at a lower purchase price: 75% compared to 81%.

Question 2: If you are currently a renter, would you be interested in purchasing a smaller plot?





Policy Option 2. FIG to set aside a higher percentage of each residential land release for qualified lower income first time buyers.

Key findings

Approximately two thirds of respondents agreed that FIG should set aside a higher percentage of each release for the first time buyer’s scheme, and a similar proportion indicated that access to the most subsidised plots be provided to lower income households first.

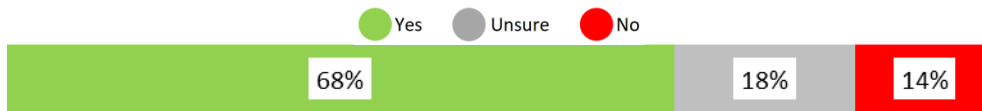
Households with lower levels of income and savings were more likely to agree that a greater proportion of land releases should be for lower income first time buyers, but interestingly; households with higher income and savings levels were more likely to indicate that access to subsidised plots should be offered to lower income households first.

Those who are currently renting their home were more likely to agree with each aspect of this proposal, compared to those who own their home. Both landlords and those who have developed properties for renting were considerably less likely to agree that a higher proportion of each release should be for first time buyers.

In relation to the competitive bid system for housing plots, younger respondents were more likely to say the current system is fair, but were less likely to indicate the system is easy to understand.

Households with higher income and savings levels were more likely to indicate the current system is fair and easy to understand. Both landlords and property developers were more inclined to think the bid system is easy to understand compared to other respondents. However, almost two thirds of developers thought the system is unfair, compared to just under a half of all other respondents.

Question 3: Should FIG set aside a higher percentage of each release for the first time buyer’s scheme?

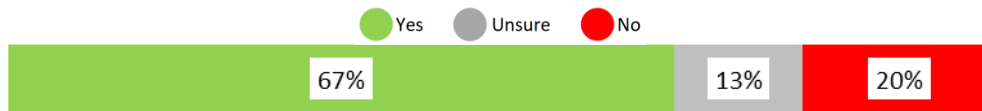


Comparison of responses by respondent and household characteristics

Age group	No major differences, however those aged 41-60 (73%) and those aged 19-40 (69%) more likely to agree with proposal than those aged over 60 years (50%).
Household income level	No major differences, but households with <£25,000 income and those with £25,000 to £60,000 were more likely (67% and 74% respectively) than households with incomes over £60,000 (50%) to agree there should be a higher percentage of each release for first time buyers.
Household savings level	As above, households with lower levels of savings were more likely to agree with the proposal: 81% for households with less than £10,000 in savings, 73% agreement for those with £10,000 to £25,000, 50% for those with £25,001 to £60,000 and 47% for households with greater than £60,000 in savings.
Accommodation tenure	Those who are renting were more likely to agree with the proposal: 84% responded ‘Yes’ compared to 61% in those who own their homes.
Respondents who are landlords Respondents who are/have been property developers	No major differences for either group, but both less likely to agree with the proposal: 47% of those who currently rent out properties responded ‘Yes’ compared to 66% of those who do not. Similarly, 38% of those who are or have been property developers agreed with the proposal, compared to 68% in those who have not.



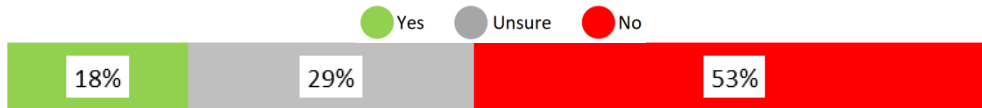
Question 4: Should access to the most subsidised plots be provided to lower income households first?



Comparison of responses by respondent and household characteristics

Age group	No major differences.
Household income level	No major differences, but households with income greater than £60,000 (75%) were more likely than those with lower incomes (64-67%) to agree there should be a higher percentage of each release for first time buyers.
Household savings level	As above, no major differences but households greater than £60,000 in savings were more likely to agree with the proposal (82%) than households with lower levels of savings: 68% for households with less than £10,000 in savings, 65% for those with £10,000 to £25,000, and 63% for those with £25,001 to £60,000 in savings.
Accommodation tenure	Those who are renting were more likely to agree with the proposal: 71% responded 'Yes' compared to 65% in those who own their homes.
Respondents who are landlords	No major differences for either group, however: 65% of those who currently rent out properties responded 'Yes' compared to 70% of those who do not.
Respondents who are/have been property developers	Conversely, 75% of those who are or have been property developers agreed with the proposal, compared to 67% in those who have not.

Question 5: Do you think the competitive bid system is fair?

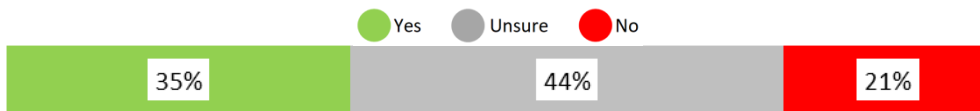


Comparison of responses by respondent and household characteristics

Age group	A significant difference in how the different age groups view the competitive bid system was found. Younger age groups were significantly more likely to say it is fair than those aged 61-80 years, with those aged under 40 most likely to indicate it's an unfair system: 66% compared to 49% (41-60) and 39% (61-80).
Household income level	No major differences, but households with income greater than £60,000 (38%) were considerably more likely than those with lower incomes (13-14%) to agree that the system is fair.
Household savings level	As above, no major differences but households greater than £60,000 in savings were more likely to agree that the competitive bid system is fair (29%) than households with lower levels of savings: 19% for households with less than £10,000 in savings, 12% for those with £10,000 to £25,000, and 13% for those with £25,001 to £60,000 in savings.
Accommodation tenure	Those who are renting were more likely to indicate the system is unfair: 68% compared to 46% for those who own their homes.
Respondents who are landlords	47% of those who currently rent out properties indicated they think it's an unfair system compared to 53% of those who are not landlords.
Respondents who are/have been property developers	For those who have developed properties for rent, 63% believe the system is unfair compared to 48% of those who have never developed a property.



Question 6: Do you think the competitive bid system is easy to understand?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but those aged 61-80 were more likely to agree the system is easy to understand, or were unsure how they perceived it.
Household income level	No major differences, but the level of agreement increased with increasing levels of household income.
Household savings level	As above, the level of agreement that the system is easy to understand increased with increasing levels of household savings.
Accommodation tenure	No major difference.
Respondents who are landlords	Both groups were more likely to agree that the competitive bid system is easy to understand: 41% compared to 34% for those who currently rent out properties, and 50% compared to 30% for those who have developed properties for rent.
Respondents who are/have been property developers	

Policy Option 3. FIG to provide equivalent incentives for first-time buyers purchasing in the resale market

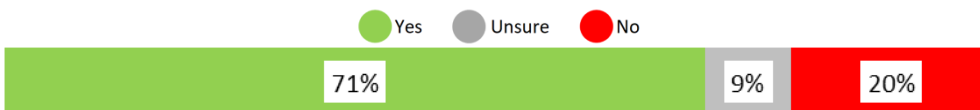
Key findings

Overall, the majority agreed that FIG should provide equivalent incentives for first-time buyers who wish to purchase a resale property (71%, n=66).

Younger age groups were more likely to agree with this proposal as were households with lower levels of savings, and those who are currently renting.

Respondents who are landlords, or those who have developed properties for rent, were less likely to agree that equivalent incentives should be provided.

Question 7: Should FIG provide subsidies to first time buyers for the purchase of resale homes, in both Stanley and Camp, at the same level that is currently provided to first time buyers of land for building?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but those aged 19-40 were more likely to agree with the proposal: 83% compared to 67% for those aged 41-60, and 61% for those aged 61-80.
Household income level	No major differences.
Household savings level	No major differences but households with savings of less than £10,000 were more likely to agree, and households with greater than £60,000 in savings were more likely to be undecided.
Accommodation tenure	No major difference, but those who currently rent their home were more likely to agree (84%) than those who own their own home (65%).
Respondents who are landlords	No major differences for either group, however those who rent out properties were less likely to agree with the proposal (53%) compared to those who don't rent properties (77%). Similarly, those who have developed properties for rent were less likely to agree: 63% compared to 76% for those that haven't developed properties.
Respondents who are/have been property developers	



Policy Option 4. Relax restrictions on home ownership for Work Permit Holders

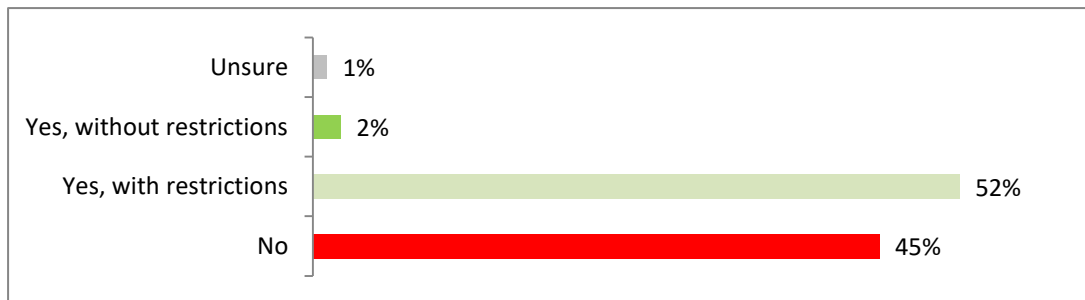
Key findings

Respondents were largely divided as to whether Work Permit holders with at least a 3-year permit should be permitted to either purchase a resale home on arrival or purchase residential land to build their own home.

While some respondents identified social and economic benefits from encouraging Work Permit Holders to commit to the Islands by purchasing or building a home, some also highlighted concerns relating to reduced market access for permanent residents; and creating the conditions for absentee landlords, or empty or unfinished properties, should those Work Permit holders decide to leave the Islands.

Younger respondents were less likely to agree with the proposal, as were households with lower levels of income and savings, and those who currently rent out properties. Developers of properties for rent were more likely to agree with relaxing restrictions for Work Permit holders.

Question 8: Should FIG allow holders of a Work Permit of more than 3 years to purchase a resale home upon arrival in the Falkland Islands?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but agreement strongly increased with age.
Household income level	No major differences but agreement with the proposal increased with increasing levels of household income.
Household savings level	As above, levels of agreement tended to increase with increasing levels of household savings.
Accommodation tenure	No major difference, but those who currently rent their home were more likely to agree (63%) than those who own their own home (49%).
Respondents who are landlords	No major differences for either group, however those who rent out properties were more likely to disagree with the proposal (55%) compared to those who don't (38%). Conversely, those who have developed properties for rent were more likely to agree: 75% compared to 52% for those that haven't developed properties.
Respondents who are/have been property developers	



Indicative comments provided by respondents in relation to the proposal to relax restrictions on home ownership for Work Permit holders.

No – restrictions should not be relaxed

“...Concerned that if permit holders are allowed to buy land/houses indiscriminately it would drive permanent residents out of the market...”

“...If a work permit holder has been there that long they should be going for PRP to show commitment if allowed to buy without real commitment house prices would be pushed out of reach. I say this as a home owner who would benefit from a competitive market...”

“...WPH usually receive a higher salary than locals. Allowing them to buy could exacerbate the situation and limit the pool of houses for the locals. When they leave they could potentially become overseas landlords and rent their homes here. This could then lead to more rentals rather than ownership...”

“...This shouldn't be addressed until the local market is caught up. At the moment it is hard to buy land/house without another group of people joining in...”

Yes – restrictions should be relaxed

“...I believe this would encourage those on WP to commit to the FI and feel part of the community. It will provide additional economic activity into the house building/sale sector. It should not add to the housing shortage as accommodation must be available to those on a work permit. If a work permit holder leaves the property it must be released for sale within a certain time frame...”

“...In general I favour allowing WPHs to purchase land and build, more so than allowing purchase of resale homes. In most cases they will live in it, rent it or sell it so it will all add to housing development, if they have their own home they don't need to rent etc. Also, they may become long term residents which is also a desirable aspect. There is an inconsistency in this with the policy on land ownership, but if they are WPHs they are here, and in the end the house is likely to be used by someone...”

“...It is important to allow WP holders who wish to settle here the opportunity to purchase land to build a house. However, given the limited number of houses for sale (resale), would leave those available to locals. An incentive scheme allowing plot purchase at reduced price for overseas contractor might prove sufficient for them to move to local terms (if this is one of the conditions for plot ownership) ...”

Yes – restrictions should be relaxed, but with conditions attached

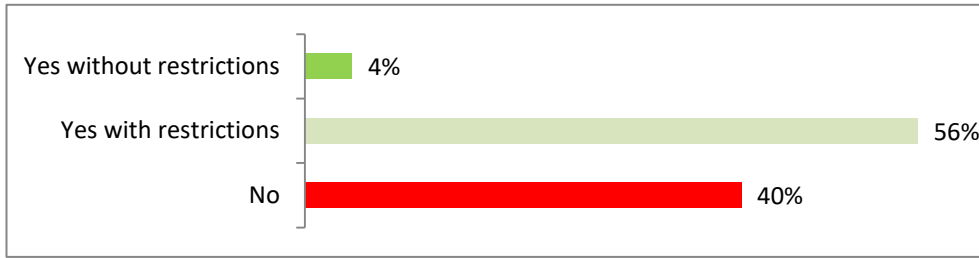
“...Generally agree that WPH should be able to purchase house and/or land with restrictions, but after a period residing in the islands e.g. 1 year...”

“...I hope that with the right restrictions it will mean more WP holders can build or buy and free up the rental market. Any WP holders who choose to leave will then also make housing available again...”

“...Any absentee land owner/ house owner, after 1 year, the land should default back to FIG ownership or to whoever they purchased it from regardless of whatever development they have done on the property. Not allowed to rent out the property either...”



Question 9: Should FIG allow holders of a Work Permit of more than 3 years to purchase residential land to build their own home?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but agreement strongly increased with age.
Household income level	Agreement with the proposal significantly increased with income levels: 20% of those with a household income of <£25,000 agreed, compared to 55% of those with £25,001 to £60,000 and 75% of those with an income of over £60,000.
Household savings level	Levels of agreement tended to increase with increasing levels of household savings: 36% for those with less than £10,000 in savings, compared to 65% for those with over £60,000.
Accommodation tenure	No major difference.
Respondents who are landlords	Both groups were more likely to agree with the proposal: 63% for those who are landlords compared to 55% for those who are not, and 88% for those who have developed properties compared to 55% for those who have not.
Respondents who are/have been property developers	

Policy Option 5. Provide incentives for existing property owners to improve vacant, partially complete or derelict properties and bring them into the rental market

Key findings

79% of respondents (n=74) agreed that FIG should provide financial or tax incentives to bring vacant properties into housing market.

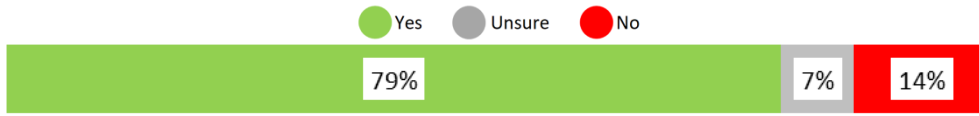
Respondents who currently rent out properties tended to disagree more with the proposal, whereas those who have develop properties for the rental market tended to agree more. However, given the small number of respondents in each of these groups, the findings are inconclusive.

In relation to imposing penalties on property owners who continue to maintain vacant, derelict or partially completed homes; older respondents, those with lower levels of income and savings, and those who live in rented accommodation, were more likely to agree with imposing penalties.

Current landlords and those who have developed properties for rent were less likely to agree with the proposal, but no clear differences in these groups were found.



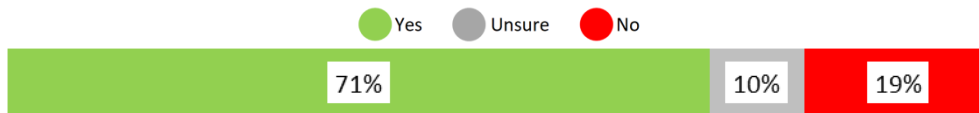
Question 10: Should FIG should provide financial or tax incentives to bring vacant properties into housing market?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but those aged 61-80 were less likely to agree: 63% compared to 83% (19-40) and 82% (41-60).
Household income level	No major difference, but agreement tended to increase with increasing household income levels.
Household savings level	Levels of agreement tended to decrease with increasing levels of household savings: 84% for those with less than £10,000 in savings, 85% for those with £10,000 to £25,000, 63% for households with £25,001 to £60,000 and 65% for those with over £60,000.
Accommodation tenure	No major difference, but those who are renting were more likely to agree: 84% compared to 76%.
Respondents who are landlords Respondents who are/have been property developers	Those who are landlords were less likely to agree with the provision of incentives for existing property owners: 71% compared to 77%. For developers, 88% agreed with the proposal compared to 71% for those who have never developed properties.

Question 11: Should FIG impose penalties on property owners who continue to maintain vacant, derelict or partially completed homes?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but those aged 41-60 were least likely to agree: 64% compared to 83% (19-40) and 72% (61-80).
Household income level	No major difference, but households with income greater than £60,000 were least likely to agree: 63% compared to 73-74% in other age groups.
Household savings level	Levels of agreement were highest for the <£10,000 (81%) and £25,001 to £60,000 (88%) groups; compared to 65% for the £10,000 to £25,000 and > £60,000 groups.
Accommodation tenure	No major difference, but those who are renting were more likely to agree: 76% compared to 69%.
Respondents who are landlords Respondents who are/have been property developers	No major differences for either group. Respondents who rent out major were largely divided: 71% were in favour of the proposal compared to 75% in those who aren't landlords. Respondents who have developed properties for rent were less likely to agree with the proposal: 63% indicated penalties should be imposed, compared to 73% for respondents who have never developed a property for renting.



Policy Option 6. Increase pace and investment in FIG rental housing construction

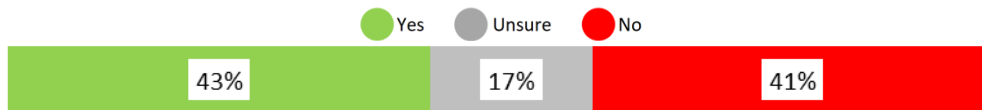
Key findings

Overall, respondents were divided as to whether FIG should remain the primary provider of rental accommodation. Households with higher levels of income and savings were more likely to agree that FIG should be the primary provider, as were those currently renting their accommodation. Respondents who rent out or develop properties for rent were more inclined to disagree.

When asked if FIG should encourage the private sector to develop new rental housing, including affordable homes; 88% (n=82) agreed with the proposal. No clear differences emerged in terms of the different respondent categories.

Similarly, when asked which type of rental housing FIG should prioritise investment in, no one type of housing was clearly prioritised above the other; however, all respondents who either rent out properties or who have developed properties for rent agreed that FIG should encourage the private sector to develop new rental housing.

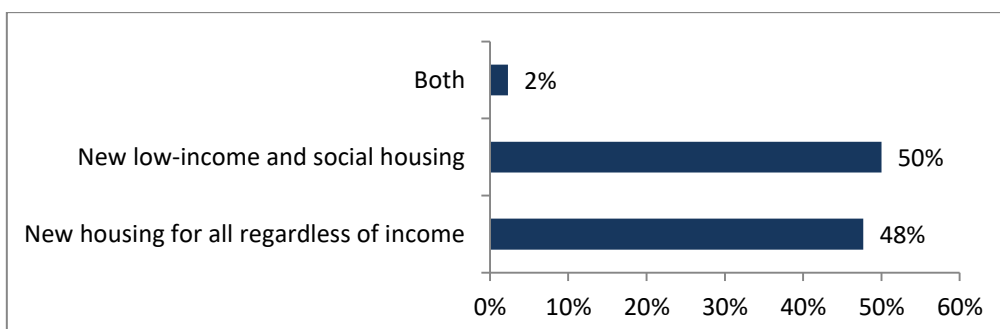
Question 12: Do you think FIG should remain the primary provider of rental accommodation?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but those aged 41-60 were most likely to agree: 53% compared to 33% (19-40) and 28% (61-80).
Household income level	No major difference, but agreement decreased with increasing levels of household income. Households with income less than £25,000 had 60% agreement, falling to 40% for those with £25,001 to £60,000, and 31% for households with greater than £60,000 income.
Household savings level	Similar to the above, levels of agreement were highest for households with less than £10,000 in savings (61%). Those with £10,000 to £25,000 indicated 28% agreement, 38% for those with £25,001 to £60,000, and households with greater than £60,000 in savings indicated 24% agreement.
Accommodation tenure	Those who are renting were more likely to agree: 58% compared to 39%.
Respondents who are landlords	Respondents who rent out properties were significantly more likely to disagree that FIG should remain the primary provider of rented accommodation: 69% disagreed with the question, compared to 34% in those who aren't landlords.
Respondents who are/have been property developers	Respondents who have developed properties for rent were also less likely to agree: 63% indicated FIG should not remain the primary provider, compared 38% for respondents who have never developed a property for renting.

Question 13: Which type of new rental housing do you think FIG should prioritise investment in?

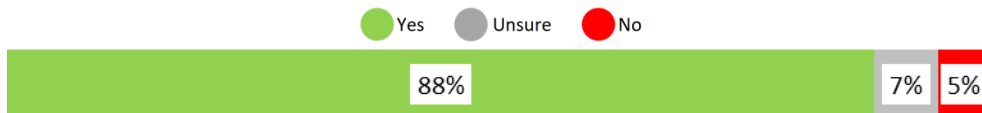




Comparison of responses by respondent and household characteristics

Age group	No major differences, but those aged 61-80 were most likely respond that FIG should prioritise new low-income and social housing. Younger age groups were less inclined to prioritise a particular type of housing.
Household income level	No major differences across the different household income groups.
Household savings level	As above, no one type of housing was clearly prioritised above the other.
Accommodation tenure	Those who are renting were more likely to prefer new housing for all regardless of income: 64%, while respondents who own their homes were more likely to prefer new low-income and social housing: 57%.
Respondents who are landlords Respondents who are/have been property developers	No one type of housing was clearly prioritised above the other; respondents who rent out properties didn't prioritise one type, while those who don't rent out properties were more likely to prefer housing for all regardless of income (57%) rather than low-income and social housing (41%). Respondents who have developed properties for rent were more likely to prefer low-income and social housing (67%).

Question 14: Do you think FIG should encourage the private sector to develop new rental housing, including affordable homes?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but those aged 61-80 were most likely respond that FIG should encourage the private sector to develop new rental housing (95%) compared to younger age groups (86%).
Household income level	No major differences across the different household income groups.
Household savings level	No major differences across the different household savings groups, but those with £25,001 to £60,000 were less likely to agree with the proposal compared to the other groups (82% to 96% agreement).
Accommodation tenure	No major difference, both those who rent and own their homes agreed that FIG should encourage the private sector to develop new rental housing (88%).
Respondents who are landlords Respondents who are/have been property developers	All respondents who either rent out properties or who have developed properties for rent agreed that FIG should encourage the private sector to develop new rental housing. Other respondents were less sure (~10%) or against the proposal (~8%).

Policy Option 7. Change the mix of rental housing to include more multi-unit buildings

Key findings

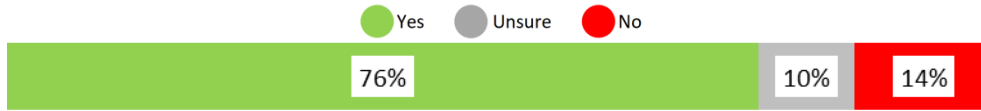
Over three quarters of respondents indicated that FIG should undertake or encourage the construction of multi-unit residential buildings.

No major differences were found between respondent groups, however younger households and those with lower household income were more likely to agree.

Those who have developed properties for renting were less inclined to agree with the proposal.



Question 15: Do you think FIG should undertake or encourage construction of multi-unit residential buildings to increase housing supply and choice?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but those aged 61-80 were least likely respond that FIG should undertake or encourage construction of multi-unit residential buildings (68%) compared to younger age groups (78% to 80%).
Household income level	No major differences across the different household income groups, but households earning <£25,000 were most likely to agree with the proposal (93%) compared to households with higher income levels (73% to 81%).
Household savings level	No major differences across the different household savings groups, agreement ranged from 63% (>£60,000 savings) to 88% (less than £10,000, and £25,001 to £60,000 in savings).
Accommodation tenure	No major difference, both those who rent and own their homes agreed that FIG should undertake or encourage construction of multi-unit residential buildings (76%).
Respondents who are landlords	No major difference between the respondent groups (81% and 82% agreement).
Respondents who are/have been property developers	Respondents who have developed properties for rent were less likely to agree with the proposal (50%) compared to respondents who have never developed a property for renting (81%).

Policy Options for providing support for first time buyers – ranked preferences

		Rank Score
	Increase the pace of new residential land development and release	6.9
	Increase the number of plots set aside for the First Time Buyer Scheme	5.8
	Make smaller, more affordable plots available	5.7
	Create a Rent-to-buy scheme	5.5
	Sell off older FIG properties to tenants or lower income residents	5.3
	Increase amount buyers can borrow through Joint General Mortgage Scheme	4.9
	Provide special subsidies or opportunities for lower income buyers	4.9
	Create a first-time buyers tax free savings scheme	4.7
	Provide incentives for first time buyers of resale homes	4.6

The weighted average ranking for each option produces its rank score. The Option with the largest rank score is the most preferred choice. In a list of e.g. 7 options, the rank score ranges from 0.0 to 7.0, with 7.0 representing the highest preference.



Indicative comments provided by respondents in relation to **Policy Priority 1: Insufficient supply of rental housing in Stanley.**

Policy Option 1. FIG to accelerate creation and release of more serviced plots for subsidised purchase in Stanley, with option to create smaller plot sizes

“...Plots released with lower market value should have that value recovered by the crown for reinvestment in the sector. Otherwise there is a disincentive to purchase first time from the private sector and reduce market size. Also purpose is home ownership for low income, not to provide capital gain to be more mobile...”

“...I think the solution is to ensure land is available for housing development (FI is not short of land) and that the process of providing serviced plots keeps pace with demand. Ensuring there is ample land and plots will reduce potential problems of speculation, over charging, barriers to first time buyers etc...”

“...Small plots [are] fine but what if circumstances change and they want to expand?...”

Policy Option 5. Provide incentives for existing property owners to improve vacant, partially complete or derelict properties and bring them into the rental market

“...Not in favour of formal, broad incentives or penalties RE vacant homes. Some limited areas could be: derelict homes/property of deceased owners where heirs cannot be found within 3-5 years...and new planning permissions (if they do not already) could include requirements to complete building within certain time period or face possible penalties on a case-by-case basis...”

“...Owners of vacant homes should not face repercussions. They should be incentivised not forced...”

“...a charge on homes empty for more than six months might be an incentive to letting...”

Policy Option 6. Increase pace and investment in FIG rental housing construction

“...Private sector continuing to build properties for rental at extortionate prices. FIG should increase the housing pool for rental and not subsidise rental from the private sector...”

“...Rental housing should be private sector not FIG...”

“...Some people have been renting from FIG for many years. This creates a shortage in rental homes. Perhaps after a period of time (5 years) tenants of FIG properties should have their rents increased to the commercial cost. Some who are unable to get FIG rentals earn little but pay huge amounts in rent privately. If all rent too expensive this can be addressed via minimum wage/living wage levels...”

“...We need to encourage ownership, sell off gov housing, encourage private sector provision...”

Policy Option 7. Change the mix of rental housing to include more multi-unit buildings

“...Blocks of flats may well be a good use of land but they are not very nice to look at or live in. Also the tenants have no private outside space they can call their own. Two storey terraced housing with much smaller garden space would be a good alternative. They take up less space. People who are renting generally don't do a great deal of gardening outside of grass cutting and planting odd shrub. The semi-detached homes that have been built by FIG for several years now have vast gardens which is a complete waste of land. They not need some outside space to call their own but the massive wrap around gardens they are currently getting are ridiculous!...”

“...The provision of a way for co-op boards to be created will allow groups of individuals to commit to a shared investment of a block of residential units with an affordable cost. This will provide housing for lower income people...”

“...We need to encourage ownership, sell off gov housing, encourage private sector provision...”



Policy Priority 2: Affordability of rental housing in Stanley

The Housing Report detailed the main causes for high rental prices in the private rental market, which include:

- insufficient housing supply and lack of competition in the private market, leading to higher than expected market rents;
- growth in the FIG contractor pool, which has priority access to FIG housing;
- FIG capacity to commission and deliver new public housing in a timely manner;
- previous experience of uncontrolled housing demand during oil campaigns has led to expectations of windfall rents and reluctance to rent into the local market at reduced rates even though the campaigns ended in early 2016.

To address the challenge of affordable rental housing, FIG has proposed the following Policy Option:

Policy Option 8. Provide incentives for affordable rental housing

Key findings

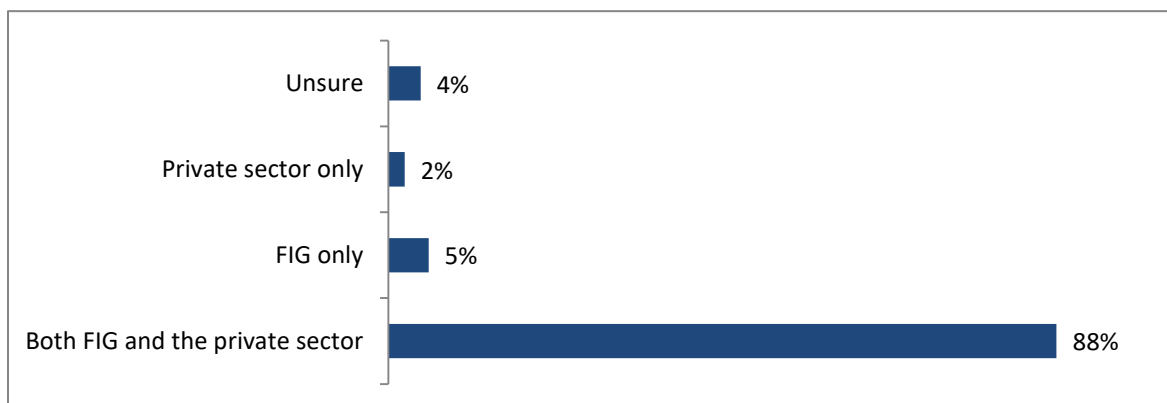
88% of respondents indicated that both FIG and the private sector should be responsible for the provision of affordable rental housing (n=83).

No major differences were found between respondent groups; however, younger households and those with higher household income were more likely to agree. All respondents who have developed properties for rent agreed that both FIG and the private sector should provide affordable rental housing.

93% (n=85) indicated that FIG should provide incentives to the private sector to develop housing, of whom the majority responded that conditions should be attached to any incentives. Those who rent out or develop properties for rent were less likely to agree with the inclusion of any conditions.

60% of respondents agreed that FIG should be involved in the regulation of the private sector rental market; agreement was highest in younger respondents, households with lower levels of income and savings, and those who currently rent their home were almost twice as likely to agree with the proposal. Respondents who are landlords were significantly opposed to FIG involvement in regulation of the market.

Question 16: Who do you think should be responsible for the provision of affordable rental housing?

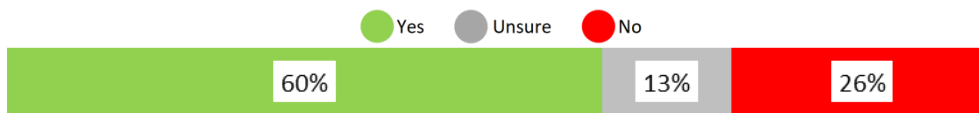




Comparison of responses by respondent and household characteristics

Age group	No major differences, but those aged 19-40 were most likely to respond that both FIG and the private sector should be responsible for providing affordable rental housing (93%) compared to other age groups (79% to 89%).
Household income level	No major differences across the different household income groups, but households earning above £25,000 were most likely to agree both FIG and the private sector should be responsible.
Household savings level	No major differences across the different household savings groups.
Accommodation tenure	No major difference.
Respondents who are landlords	No major difference between the respondent groups (87% and 88% agreement).
Respondents who are/have been property developers	All respondents who have developed properties for rent agreed that both FIG and the private sector should be responsible for providing affordable rental housing, compared to 86% of respondents who have never developed a property for renting.

Question 17: Do you think FIG should be involved in the regulation of the private sector rental market?

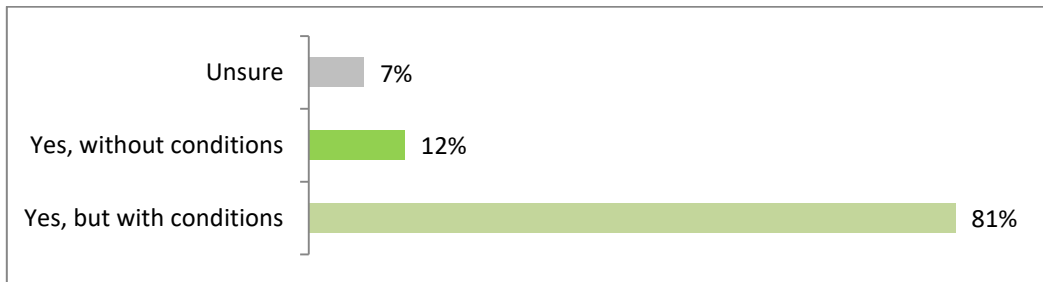


Comparison of responses by respondent and household characteristics

Age group	No major differences, but those aged 61-80 were least likely to agree that FIG should be involved in the regulation of the private sector rental market (39%) compared to other age groups (66% and 67%).
Household income level	No major differences across the different household income groups, but households earning above £60,000 were least likely to agree (31%) compared to other income groups: 60% (<£25,000) and 71% (£25,001 to £60,000).
Household savings level	No major differences across the different household savings groups, but levels of agreement tended to decrease as savings levels increased: 81% agreement for households with <£10,000 in savings, falling to 38% in households with over £60,000 in savings.
Accommodation tenure	Households that rent their home were significantly more likely to agree that FIG should be involved in the regulation of the private sector rental market (88%) compared to those that own their home (48%).
Respondents who are landlords	Landlords were significantly opposed to FIG involvement in regulation of the rental market: 71% compared to 15% of those who don't rent out properties.
Respondents who are/have been property developers	No major difference between the respondent groups.



Question 18: Do you think that FIG should provide incentives to the private sector to develop housing?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but those aged 61-80 were less likely to think conditions should be attached (72%) compared to other age groups.
Household income level	No major differences across the different household income groups, but those with a household income of £25,001 to £60,000 were more likely than other groups to prefer incentives with conditions attached (89%) compared to other income level groups (63% and 71%)
Household savings level	Households with <£25,000 in savings, were more likely to indicate that conditions should be attached to any incentives provided.
Accommodation tenure	Households that rent their home were more likely to agree that conditions should be attached to any incentives provided (96%) compared to those that own their home (75%).
Respondents who are landlords Respondents who are/have been property developers	No major differences between groups, but respondents who don't rent out or develop properties for rent were more likely to indicate that conditions should be attached to any incentives (89% and 81% respectively) compared to those that do rent or develop properties (47% and 63% respectively).

Policy Options to improve affordability of rental housing in Stanley – ranked preferences

		Rank Score
	Most preferred	
	Increase the FIG local rental housing pool, regardless of income level	3.4
	Provide incentives for private sector provision of affordable rental housing	3.3
	Designate a greater portion of the FIG local housing pool for low income residents	3.1
	Implement rent controls	3.0
Least preferred	Use the welfare benefits system to help eligible low income households meet shelter costs, regardless of whether they are in FIG or private rentals	2.5

The weighted average ranking for each option produces its rank score. The Option with the largest rank score is the most preferred choice.



Indicative comments provided by respondents in relation to **Policy Priority 2: Affordability of rental housing in Stanley.**

The private sector market should NOT be regulated by FIG

"...Unfortunately for the average Joe who wants to have a second property as an investment, he cannot complete/ afford to purchase a serviced plot to build on- as the price is highly inflated- in comparison to a first home buyer. This is fair enough. But with the only option to purchase a resale home, you can understand why it is the cheaper option (over paying a huge price for a serviced plot) to pay over the odds for the resale home. There is no other choice and has to come about by FIG's policies- or lack of foresight. So to then start capping the private sector rental prices- after someone has just invested, would be wholly unjust. If capping was to be implemented, it should only apply to any property that is purchased after the date the policy is implemented. This may prevent people/ business purchasing as an investment and allow first home buyers a more competitive go at a resale home..."

"...Imposing restrictions on private sector rentals is a slippery slope. FIG should ensure there is a sufficient number of homes on the market by building and encouraging private sector to build. All new developments should have a % of its units dedicated to first time buyers, or low income homes. Maybe time for FIG to adopt a housing association concept..."

"...Would be wary of direct involvement in rent control or incentives to the private sector. FIG has a role as an exemplar of real costs..."

The private sector market SHOULD be regulated by FIG

"...It would be difficult to encourage private sector renters into charging less money but it should be controlled rather than incentivised. The incentives to build affordable housing are already there in the hiked demand for single-unit and affordable housing, there is no willingness to meet this demand because there is enough demand at the higher end. WP holders being able to buy could alleviate demand pressures. But there isn't much chance that the private sector will reduce rents if they speculatively know that more demand is coming from Capex and oil exploration activity. Controls seem to be more effective to me..."

"...The FI has created a bubble, and with any bubble, those that have bust themselves through speculation will inevitably burst in the long term. At present, rent on private housing is, in many cases, unaffordable. However, demand is extremely high which has lead to overcrowding in unsuitable accommodation. We are close to some landlords being described as 'slum lords' which is simply unforgivable. The government must take strong action to cap rental prices and see that the properties are both habitable and limited by how many tenants may live together in these properties. I understand that the need to encourage new developments is strong but how much of an ethical cost are we prepared to pay to get there?..."

"...The most important thing to tackle first is some kind of control on rent rates. I was speaking to a private landlord and he said his rental rates were so high because of the mortgage payments on second homes. Private rents are out of control. Although they seem to have no problem getting tenants you have to question their standard of living. I have heard rumours of overcrowding, people turning sitting rooms into extra bedrooms and families sharing bedrooms. A friend of mine recently gave up their rental home as their landlord doubled his rent overnight to reflect the top end of the market..."



Policy Priority 3: Affordability of home ownership in Camp

According to a Falkland Islands Development Corporation report in 2018, new home construction in Camp can cost as much as 30-45% more than a comparable house in Stanley, which would place the cost of a new 3-bedroom home between £156 - £174K. However, while Camp residents are eligible for the Joint General Mortgage Scheme, they are subject to the same borrowing cap as residents of Stanley. Any balance must be financed through the SCB Standard Variable Rate Mortgage, to a maximum of 75% of the total difference. This has the effect of raising the down payment requirement for a £156K home to £18K. In addition, borrowers must stay within the 50% debt servicing ratio and the total amount borrowed cannot exceed 4 times the primary income plus the secondary income.

To address the challenge of affordable home ownership in Camp, FIG has proposed the following Policy Option:

Policy Option 9. Increase the Joint General Mortgage Scheme cap for first time home buyers in Camp

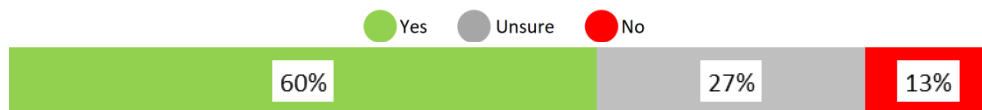
Key findings

Overall, 60% of respondents (n=55) agreed that FIG should provide a higher mortgage guarantee for first time home buyers in Camp, however 27% (n=25) were unsure.

No clear differences emerged across the respondent groups, but those that own their own home were more likely to agree with the proposal than those who are renting.

While just four survey respondents indicated they lived in Camp, all agreed with the proposed amendments to the JGMS for Camp first time buyers.

Question 19: To improve fairness between first home buyers in Stanley and Camp, do you think FIG should provide a higher mortgage guarantee for first time home buyers in Camp, which would allow a higher mortgage under the Joint General Mortgage Scheme and would reduce the amount of down payment required?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but those aged 41-60 were less likely to agree with the proposal (49%) compared to other age groups (66% and 79%).
Household income level	No major differences across the different household income groups, but those with a household income of £25,001 to £60,000 were more likely than other groups to agree with the proposal (68%) compared to other income level groups (56%-58%)
Household savings level	No major differences across the different household savings groups.
Accommodation tenure	Households that own their home were more likely to agree (61%) compared to those that rent their home (54%).
Respondents who are landlords Respondents who are/have been property developers	No major differences between groups for either respondents who rent out properties or those who develop properties.



Indicative comments provided by respondents in relation to **Policy Priority 3: Affordability of home ownership in Camp.**

Policy Option 9. Increase the Joint General Mortgage Scheme cap for first time home buyers in Camp

“...A higher mortgage is not a positive solution to housing in a relatively low income economy. Suggest providing a cash grant equivalent to the difference between first time buyer plot cost and Stanley plot development cost to compensate for extra/over cost of building in camp. Repayable on a schedule if house stops being in full time occupation by someone economically active in camp...”

“...At face value, this option appears to be an 'easy win' to help buyers in the camp. However, as happened after the previous increase, the availability of 'extra' cash in the market only served to aid the profit margins of the construction companies building the homes. Extra cash is not the answer, this only serves to artificially increase the cost of development which negates any intended benefit...”

“...I believe that as long as it's not for 2nd home i.e. holiday home, then more should be done to encourage persons to build/buy their homes in the camp...”

“...I would love to see the development of the camp for residents. The population has been in decline throughout my lifetime, and long before that, but the additional costs that are incurred when building in camp put those wishing to do so at a severe disadvantage. In places like Italy, the Gov offered bursaries, grants and plots of land to young people to encourage them to move to run down rural areas. This may not be the best solution for us as a country, but I believe it is still worth exploring, as I'm sure there's people wishing to live in camp, not necessarily as farmers, but the costs prevent them from doing so. A higher mortgage for the Join General Mortgage Scheme seems like the fairest option at this time...”

“...I think it is worth FIG looking at availability of FIG land/plots alongside the Rural Development Scheme as there are plenty of people who would be interested in building their first home in camp and commuting or working from home but there is no land available to do so - offering plots at Fox Bay on government land or elsewhere FIG owns land, or encouraging other parts of camp to consider selling small portions of land would help to repopulate camp, and if first time buyers then the majority are younger. I'm sure people would also be keen for this option for second home buyers, but priority should be given to first time buyers otherwise they'll immediately get priced out...”



Policy Priority 4: Affordability of home ownership for lower-income residents in Stanley

Although the evidence presented in the Housing Report suggests that home ownership would be affordable for most Falkland Islands households, based on average new home values and monthly mortgage costs, this is not the case at every income level. In particular, households with incomes of less than £30,000 would likely not meet the borrowing limit imposed by SCB for a £120,000, even though they might meet the monthly payment threshold. There is a real risk that these households will be permanently priced out of home ownership if lower cost housing is not available.

Given the limited supply of serviced land for sale, coupled with strong demand, the tendered bids for residential plots have been rising – reducing the effectiveness of the first-time buyer land rebates to support affordable home ownership. The same is true in the resale market, where limited availability has been driving higher prices. These factors mean that some families will find it harder to accumulate the necessary down payment to allow them to construct or purchase a home.

FIG has identified the following three Policy Options which could help to mitigate or resolve this issue:

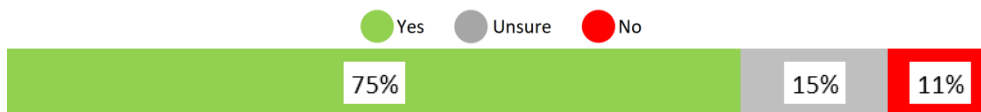
Policy Option 10. FIG to create a First Home Buyer Scheme

Key findings

Three quarters of respondents to the survey (n=70) agreed that FIG should create a tax-free savings scheme to assist first-time buyers save towards their first home. Households with lower levels of income and savings were more likely to agree with the proposal, along with those currently renting their home.

Current landlords and those who have developed properties for rent were less likely to agree with the creation of such a scheme.

Question 20: Should FIG create a tax-free savings scheme to help first time buyers save towards their first home?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but agreement tended to increase with age.
Household income level	No major differences across the different household income groups, but those with a household income of <£25,000 were considerably more likely to agree with the proposal than other income groups: 93% compared to 69-70%.
Household savings level	As above, no major differences across the different household savings groups, but those with less than £10,000 in savings were more likely to agree with the proposal: 81% compared to 63-77%.
Accommodation tenure	Households that rent their home were more likely to agree (92%) compared to those that own their home (67%).
Respondents who are landlords	Respondents who rent out properties, or who develop properties for rent, were less likely to agree with the proposal to create a first Home Buyer Scheme: for those who are landlords; 59% agreement compared to 77%, and for those who are developers; 63% agreement compared to 76%.
Respondents who are/have been property developers	



Policy Option 11. FIG to sell older FIG properties to current low income tenants, at cost recovery

Key findings

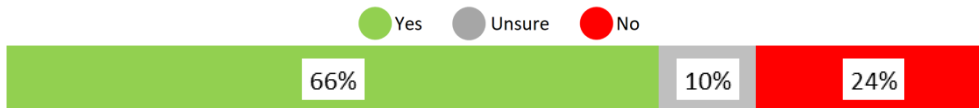
The majority of respondents (66%, n=61) preferred the proposed option where existing FIG tenants, regardless of household income, are given the opportunity to purchase their home.

Offering any low-income buyer, whether an FIG tenant or not, the opportunity to purchase an eligible FIG house was the next most preferred option, indicated by 57% of respondents (n=52).

Limiting the opportunity to purchase an FIG house to low-income tenants was the least preferred option, with 48% of respondents (n=43) agreeing with this proposal.

Across all three options, younger respondents, those who rent their home and households with lower levels of income and savings were more likely to agree with the proposals. Those who rent out properties or who have developed properties for rent were less likely to agree with the proposed options.

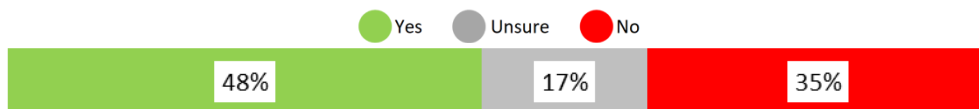
Question 21: Should FIG offer existing tenants the opportunity to purchase their house, regardless of household income?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but agreement tended to decrease with respondent age (from 71% to 50%).
Household income level	No major differences across the different household income groups, but agreement tended to decrease with increasing income (from 73% agreement to 53%).
Household savings level	As above, no major differences across the different household savings groups, but agreement tended to decrease with increasing levels of savings (from 81% agreement to 44%).
Accommodation tenure	Households that rent their home were significantly more likely to agree with the proposal (84%) compared to those that own their home (59%). Agreement was higher again for FIG tenants (92%) compared to private sector tenants (82%).
Respondents who are landlords Respondents who are/have been property developers	Respondents who rent out properties, or who develop properties for rent, were less likely to agree with the proposal: for those who are landlords; 65% agreement compared to 76%, and for those who are developers; 63% agreement compared to 74%.

Question 22: Should FIG reserve the opportunity for tenants to purchase their house for lower-income residents?

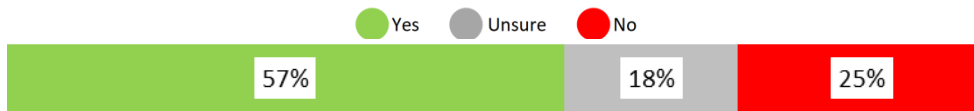




Comparison of responses by respondent and household characteristics

Age group	No major differences, but agreement tended to decrease with respondent age (from 57% to 35%).
Household income level	No major differences across the different household income groups, but agreement tended to be higher for respondents in the £25,000 to £60,000 income level (59% agreement compared to ~33%).
Household savings level	No major differences across the different groups, but agreement decreased with increasing levels of savings (from 61% agreement to 25%).
Accommodation tenure	No major differences between groups.
Respondents who are landlords	Respondents who rent out properties, or who develop properties for rent, were less likely to agree with the proposal: for those who are landlords; 29% agreement compared to 54%, and for those who are developers; 25% agreement compared to 53%.
Respondents who are/have been property developers	

Question 23: Should FIG offer any low-income buyer, whether tenants or not, the opportunity to purchase an eligible FIG house?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but agreement was highest in younger age groups: 74% (19-40), 53% (41-60), 44% (61-80).
Household income level	No major differences across the different household income groups, but agreement tended to be higher for respondents in the £25,000 to £60,000 income level (62% agreement compared to ~50%).
Household savings level	Agreement was lowest for households with greater than £60,000 in savings: 31% compared to 61-75% for all other households.
Accommodation tenure	No major differences between groups, but those who rent their home were more likely to agree with the proposal: 63% compared to 55%.
Respondents who are landlords	No major differences between groups.
Respondents who are/have been property developers	

Policy Option 12. FIG to create a Rent-to-Buy Scheme

Key findings

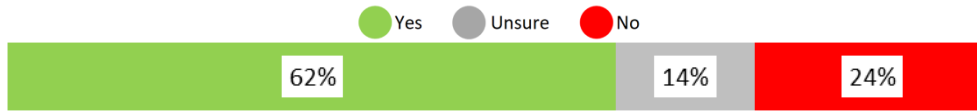
Almost two thirds of survey respondents (n=57) indicated that FIG should establish a Rent-to-Buy scheme for first-time buyers, regardless of household income. This option was most preferred by younger respondents, households with lower income and savings, and those who are renting.

Reserving the proposed Rent-to-Buy scheme for low-income residents only was a less popular option, with 36% agreeing that this type of scheme should be introduced. Again, those most likely to agree with the proposal were younger respondents, households with lower income and savings, and those who are currently renting.

Respondents who have developed properties for rent tended to disagree with introducing either version of the proposed Rent-to-Buy scheme. Respondents who currently rent properties out also disagreed with a Rent-to-Buy scheme for all first-time buyers, but were more inclined to agree with a scheme reserved for lower income residents only.



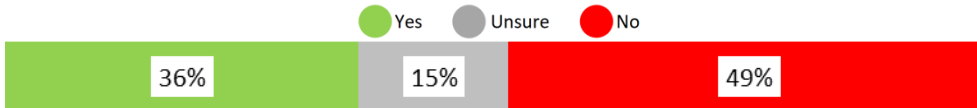
Question 24: Should FIG create a Rent-to-Buy scheme to help first-time buyers, regardless of their household income, save towards their first home?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but agreement was highest in younger age groups: 64% (19-40), 73% (41-60), 37% (61-80).
Household income level	No major differences across the different household income groups, but agreement tended to be lowest for respondents with a household income of greater than £60,000: 53% compared to 67% (<£25,000 income) and 64% (£25,001 to £60,000 income).
Household savings level	Agreement was lowest for households with greater than £60,000 in savings: 38% compared to 65-75% for all other households.
Accommodation tenure	Those who rent their home were significantly more likely to agree with the proposal: 80% compared to 55%.
Respondents who are landlords	Respondents who are landlords were less likely to agree with the proposal: 53% agreement compared to 68%.
Respondents who are/have been property developers	Respondents who develop properties for rent were less likely to agree with the proposal: 50% agreement compared to 67%.

Question 25: Should FIG create a Rent-to-Buy scheme, but reserve it for lower-income residents only?



Comparison of responses by respondent and household characteristics

Age group	No major differences, but agreement tended to increase with older age groups: 31% (19-40), 36% (41-60), 44% (61-80).
Household income level	No major differences across the different household income groups.
Household savings level	Agreement was lowest for households with greater than £60,000 in savings: 31% compared to 38 to 42% for all other households.
Accommodation tenure	No major differences between groups.
Respondents who are landlords	Respondents who are landlords were considerably more likely to agree with the proposal: 41% agreement compared to 30%.
Respondents who are/have been property developers	Respondents who develop properties for rent were less likely to agree with the proposal: 25% agreement compared to 35%.



Indicative comments provided by respondents in relation to **Policy Priority 4: Affordability of home ownership for lower-income residents in Stanley.**

Policy Option 10. FIG to create a First Home Buyer Scheme

"...I believe a tax free saving scheme would be a good idea. However, it must have safeguards to stage profiteering. Perhaps only once in a lifetime and once the property is purchased it cannot be sold or rented out for a considerable amount of time, say 10 yrs. If it is then the tax must be paid..."

"...A tax free saving scheme such as ISA style product should also be available to everybody to encourage saving. There can be a limit on maximum investment so as to avoid the wealthy disproportionate benefiting. I'm not sure it needs to be limited to use as a housing deposit..."

"...Many low income residents are not liable to tax and would not benefit from tax free savings. These same individuals may not be in a position to provide the maintenance required on older homes in the FIG portfolio..."

"...Don't see why tax-exemption is needed for the [First Home Buyer] scheme, [...] there needs to remain some responsibility, even on low income earners to manage their money and demonstrate ability to save. Tax exemption seems to be going a bit too far, even if it is for all first-time buyers it seems a bit excessive rather than a straightforward saving scheme, especially if combined with existing first time buyer subsidies..."

Policy Option 11. FIG to sell older FIG properties to current low income tenants, at cost recovery

"...FIG desperately needs to increase and maintain their rental portfolio and not sell portions of it to the public. Improving the potential for long term renters to build and buy privately are a great deal more preferable in the present climate..."

"...FIG should allow rent to buy to purchase of rental property to lower and middle income families. If focus is on lower income then it's unfair for middle income families..."

"...Sale of existing older FIG properties should be offered for purchase to enable FIG to build and release new properties on preference basis i.e. first to the existing low income tenants; then to other low income buyers; then finally to any other FIG tenants, low-income or otherwise, which would result in the eventual sale of an aging FIG property and facilitate a new FIG build..."

"...[it] shouldn't be limited to low-income earners, as for some properties that need lots of refurbishment it would mean that houses would continue to run down as low earners wouldn't be able to afford the maintenance. If FIG stock needs significant maintenance and that is the reason for sale then these should be offered to first time buyers or the open market but with a subsidy for first time buyers. Young people may want to buy a project house to "do up" and often older FIG properties (or other resale properties) have established gardens which some buyers consider more important and is a reason for not wanting a new build on Sapper Hill where establishing a garden will take 20 years..."

Policy Option 12. FIG to create a Rent-to-Buy Scheme

"...in the first instance, a rent to buy scheme should be rolled out for lower income residence initially, but then expanded to include first time buyers...my one concern is that we cannot build houses fast enough to replace any properties that were sold off for a rent to buy scheme, as that happened in the UK and then the scheme was largely abandoned..."

"...No matter the income of an individual, when it comes to reselling there needs to be safeguards to ensure the property is sold under conditions to be in the 'affordable' category..."

"...Rent to buy scheme should be available to everyone. The term lower-income is not clear and could depend greatly on individual circumstances..."

"...The problem with rent to buy schemes and purchase by tenants: it may meet the needs of the buyer at the time, however, if they had more children they could find themselves stuck. I would suggest that they should be able to buy a larger FIG property under any scheme to reduce this problem..."



Policy Priority 5: Housing quality and suitability

It is recognised that housing quality is variable in Stanley and Camp and particularly that some accommodation in the mobile home park is substandard, as are some older FIG ‘cabins’. In addition, public infrastructure in the mobile home park is not to the same standard as in other Stanley neighbourhoods.

It is proposed that FIG allows applications for a caravan home to be sited on a single residential lot, but that standards for basic construction, energy efficiency and safety are implemented. This proposal recognises that some individuals prefer to live in a standalone caravan, however small, rather than a flat or apartment in a multi-unit building. Further, some homeowners may want to put a caravan on their property to house extended family members, such as aging relatives.

Policy Option 13. Implement a moratorium (temporary freeze) on caravan/mobile home parks and improve standards in existing homes

Key findings

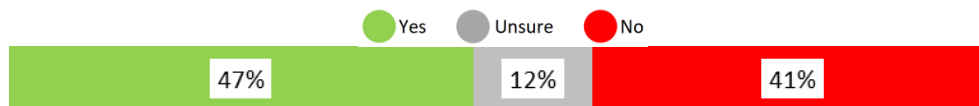
Overall, almost half of respondents agreed with the proposal that caravan-type homes could be sited on a single residential lot provided certain safety and construction standards are met. Older respondents and those with lower levels of income and savings were more likely to be in favour of this proposal. Property developers were twice as likely to disagree with this option compared to other respondents.

A similar profile of respondents also agreed that a caravan or mobile home should be allowed on a residential property where a house already stands, however this was a less popular proposal overall – agreement with this option fell to a third of all survey respondents.

Those who develop properties for renting were largely opposed to implementing either of the proposal regarding caravans or mobile homes on residential sites.

The majority of those who responded, 89%, agreed that caravans and mobile homes should have to comply with standards for basic construction, safety and energy efficiency.

Question 26: Do you think that FIG should allow applications for new caravan/mobile home placement as described above?

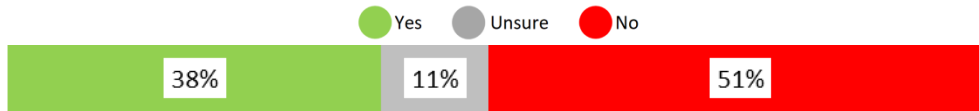


Comparison of responses by respondent and household characteristics

Age group	Agreement was lowest in the 19-40 age group: 39% compared to 53% (41-60) and 47% (61-80).
Household income level	Agreement was considerably higher for households with income <£25,000: 86% compared to 42% (£25,001 to £60,000) and 50% (>£60,000).
Household savings level	Agreement was highest for households with less than £10,000 in savings: 65% compared to 40% to 47% for all other households.
Accommodation tenure	No major differences between groups.
Respondents who are landlords	No major differences between groups.
Respondents who are/have been property developers	Respondents who develop properties for rent were twice as likely to disagree with the proposal: 25% agreement compared to 54%.



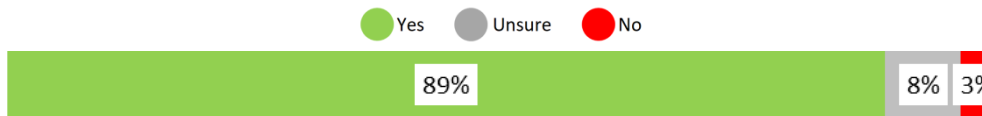
Question 27: Do you think that caravan/mobile home placement should be allowed on a residential property where a house already exists?



Comparison of responses by respondent and household characteristics

Age group	Agreement was lowest in the 19-40 age group: 32% compared to 42% (41-60) and 39% (61-80).
Household income level	Agreement was considerably higher for households with income <£25,000: 80% compared to 27% (£25,001 to £60,000) and 40% (>£60,000).
Household savings level	Agreement was highest for households with less than £10,000 in savings: 53% compared to 23% (£10,000 to £25,000), 43% (£25,001 to £60,000) and 38% (>£60,000).
Accommodation tenure	No major differences between groups.
Respondents who are landlords	No major differences between groups.
Respondents who are/have been property developers	Respondents who develop properties for rent were considerably less likely to agree with the proposal: 25% agreement compared to 44%.

Question 28: Do you think that caravans/mobile homes should have to comply with building standards as described above?



Comparison of responses by respondent and household characteristics

Age group	Agreement was high across all age groups: 93% (19-40), 82% (41-60) and 100% (61-80).
Household income level	Agreement was high across all income groups: 100% (<£25,000), 84% (£25,000 to £60,000) and 93% (>£60,000).
Household savings level	Agreement was high across all groups: 91% (<£10,000), 89% (£10,000 to £25,000), 100% (£25,001 to £60,000) and 77% (>£60,000).
Accommodation tenure	No major differences between groups, but those who own their home were more likely to agree: 92% compared to 80%.
Respondents who are landlords	No major differences between groups.
Respondents who are/have been property developers	All respondents who develop properties for rent agreed with the proposal, compared to 88% agreement in those who are not developers.

Policy Options to improve standards in existing homes – ranked preferences

		Rank Score
	Enforce minimum residential building standards	3.1
	Improve basic services infrastructure in the existing caravan park	3.0
	Implement a temporary freeze on new caravan parks	2.2
	Enforce residential building standards but only for rental units	1.6

The weighted average ranking for each option produces its rank score. The Option with the largest rank score is the most preferred choice.



Indicative comments provided by respondents in relation to **Policy Priority 5: Housing quality and suitability**.

Policy Option 13. Implement a moratorium (temporary freeze) on caravan/mobile home parks and improve standards in existing homes

“...Truthfully, I do not understand why a block of flats or other affordable multi-story housing wasn't built on the plot of land where the caravans were placed. It seemed like a waste of resources at the time, and if a taller building like a block of flats has been built instead, it could have potentially housed more people. I also have some concerns about the warmth of the existing caravans during our winter. I am aware that some people are incredibly happy with their mobile homes. I don't disagree with mobile homes being allowed to be placed on residential land with existing houses either, but caravans do need to comply with current building standards. I would, however, prefer to see other potential residential land to be developed for multi-story flats or houses instead of more caravan parks...”

“...Until there is more housing available, especially secure rentals, caravans should be allowed with, say, 5 year planning permission-renewable if the caravan continues to meet the standards and the grounds are not an eye sore. What is permitted could also be reviewed every 5 year or so and become more restrictive if there is less housing pressure...”

“...There are no caravan parks. FIG should be enforcing that no more mobile homes be purchased with the intention of siting them on residential properties and renting them. They do not solve a problem. They are merely creating more problems. If this wasn't already an issue there would be no need for this section of the questionnaire would there? Many of the caravans that are rented are looking pretty shabby. In the Falklands elements they require cladding and roofing if they are to endure the weather, be more energy efficient and also to fit in better and look less like ugly caravans....”

“...We should move away from encouraging people to live in caravans. This is not a long term property option. Caravans also spoil the look of the town...”

“...I think people should be allowed to be flexible with the siting of property on their land. However, any siting of caravans/ mobile homes should be made to be tidy, have parking, be fenced and be structurally sound. It is essential that town planning enforcement is brought in to tidy up those unsightly areas. Any buildings falling into disrepair should instigate instruction from town planning to rectify with deadlines after which times fines and demolition actions should be brought into play...”

“...Caravans should only be allowed on a residential property where they are temporary accommodation for the building of a new home on that residents plot...”



Policy Priority 6: Security of tenure in rental accommodation

With the increased participation of the private sector in the housing rental market, it will be important to ensure that adequate safeguards are in place to protect both tenants and landlords from unreasonable behaviour. This could take the form of regulation or voluntary adherence to a landlord code of practice. Such protections might include:

- Execution of a standard lease agreement.
- Default one year tenure, except by mutual agreement.
- First right of refusal for renewal.
- Rent increases limited to once per year and based on inflation plus recovery of costs for necessary premises improvements.
- Grounds for eviction in case of tenant misbehaviour (non-payment of rent, disturbance, damage to property, etc.).
- Three month notice period of intention to renew or vacate.
- Maintenance and repair obligations for both parties.

Policy Option 14. Introduce landlord and tenant protections

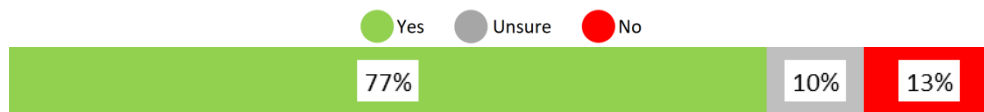
Key findings

Over three quarters of respondents agreed that FIG should work with stakeholders to develop voluntary governing guidelines and standardised terms for landlord/tenant agreements.

Almost all of those currently renting their home agreed with this proposal, however respondents who are landlords and those who develop properties for rent were more likely to disagree with the introduction of landlord and tenant protections.

The proposal to make a standardised landlord/tenant agreement mandatory was slightly less agreeable to all, including respondents who live in rented accommodation, but particularly for those who rent out or develop properties for rent, who were almost twice as likely to disagree with the introduction of a landlord/tenant agreement.

Question 29: Do you think that FIG should work with private landlords and a tenants’ representative to develop voluntary governing guidelines and standardised terms for a landlord/tenant agreement?

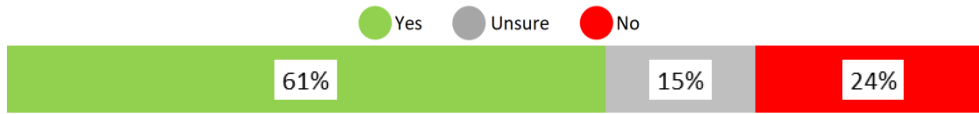


Comparison of responses by respondent and household characteristics

Age group	Agreement was lowest in the 61 to 80 age group: 67% compared to 79% (19-40) and 82% (41-60).
Household income level	Agreement was lowest in the >£60,000 household income group: 63% compared to 80% in the <£25,000 and £25,000 to £60,000 household income groups.
Household savings level	Agreement was lowest in the £25,001 to £60,000 savings group: 43% compared to 75% (<£10,000), 89% (£10,000 to £25,000), and 75% (>£60,000)
Accommodation tenure	Those who rent their home were more likely to agree: 92% compared to 70%
Respondents who are landlords	Respondents who are landlords were considerably more likely to disagree with the proposal: 29% agreement compared to 84%.
Respondents who are/have been property developers	Respondents who develop properties for rent were slightly less likely to agree with the proposal: 63% agreement compared to 75% in those who are not developers.



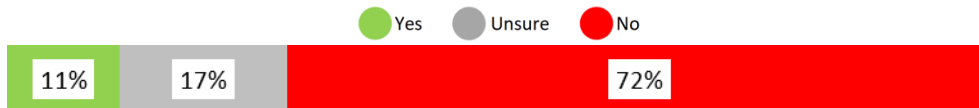
Question 30: Do you think that a standardised landlord/tenant agreement between should be made mandatory?



Comparison of responses by respondent and household characteristics

Age group	Agreement was lowest in the 61 to 80 age group: 42% compared to 63% (19-40) and 69% (41-60).
Household income level	Agreement was lowest in the >£60,000 household income group: 38% compared to 60% in the <£25,000 income group and 69% in the £25,000 to £60,000 group.
Household savings level	Agreement was lowest in the £25,001 to £60,000 savings group: just 14% compared to 69% (<£10,000), 76% (£10,000 to £25,000), and 41% (>£60,000).
Accommodation tenure	Those who rent their home were more likely to agree: 76% compared to 54%
Respondents who are landlords	Respondents who are landlords were considerably more likely to disagree with the proposal: 18% agreement compared to 76%.
Respondents who are/have been property developers	Respondents who develop properties for rent were less likely to agree with the proposal: 38% agreement compared to 67% in those who are not developers.

Question 31: Do you think that FIG should not impose or require any tenant/landlord standards?



Comparison of responses by respondent and household characteristics

Age group	No major differences between groups.
Household income level	Only those in the £25,000 to £60,000 and >£60,000 household income groups agreed with the question (12% and 19% respectively).
Household savings level	Agreement was highest in the >£60,000 group: 31% compared to 3% (<£10,000), 12% (£10,000 to £25,000) and none agreeing in the (£25,001 to £60,000 savings group).
Accommodation tenure	No major differences between groups.
Respondents who are landlords	Respondents who are landlords were considerably more likely to agree that FIG should not impose or require any tenant or landlord standards: 29% agreement compared to 7%.
Respondents who are/have been property developers	Respondents who develop properties for rent were more likely to agree that FIG should not impose or require any tenant or landlord standards: 25% agreement compared to 14% in those who are not developers.



Indicative comments provided by respondents in relation to **Policy Priority 6: Security of tenure in rental accommodation.**

Policy Option 14. Introduce landlord and tenant protections

“...At present, rent on private housing is, in many cases, unaffordable. However, demand is extremely high which has led to overcrowding in unsuitable accommodation. We are close to some landlords being described as 'slum lords' which is simply unforgivable. The Gov must take strong action to cap rental prices and see that the properties are both habitable and limited by how many tenants may live together in these properties...”

“...Both tenants and landlords should be protected from unscrupulous behaviour. If landlords want to write their own agreement and not use a standardised one they should be able to, but it should be approved by a regulatory body for legality and fairness...”

“...For too long the protection for tenants has been lacking- no security of tenure, no regulation, no standards, no limits on occupation, no limits on rent. Maybe an accredited landlord scheme could work- but experience suggests that that works where there is a competitive market where tenants have a meaningful choice of landlord. I think it needs law...”

“...I am lucky enough to own my own home and a second small home, which I rent out. I have had an agreement for my tenants to sign which includes the length of the lease and how much notice they have to give me and keeping the house and grounds tidy. I do not agree that FIG should be interfering in private rental. I would hope those that are renting keep their rental property in a good state and keep an eye on them regularly. I realise that there are some overpriced rental properties on the market, but not everyone is over charging and I do not wish to be told what I can and can't charge...”

“...I think working towards voluntary guidelines should be the first step, once the uptake of these has been determined and to see what buy-in there is then you can consider whether it is necessary to make it mandatory or whether it will essentially self-govern as suggested in the policy description. It would also be good to see some framework for rent reporting and complaints or similar within this, as some tenants are put into accommodation provided by their employer and tied to their work, and therefore may not feel able to speak honestly about the pressures of renting for fear of repercussions or losing their job...”

“...This is not about creating a standardised agreement or voluntary governing guidelines, but creating a regulatory framework that landlords and tenants must, by law, adhere to, which provides protections for both parties. Within that framework examples of landlord/tenant agreements that are compliant with the law could be provided. There also needs to be a process for complaints to be investigated for both parties...”

“...Agree that tenants need to be protected but so do landlords. Not all landlords are out to rip people off...”

“...There are two different issues that need addressed. The first is that tenants should be protected against rent rises during the agreed tenancy period (12 months unless special circumstances apply) and should also be protected against the tenancy being terminated unless the tenant has breached the terms of the agreement (other than where the tenant has agreed at the outset that the tenancy can be terminated on not less than 4 weeks notice because the property is required by non-commercial landlords for occupation by self or family). The second is that landlords should be able to regain occupation at the end of the agreed lease period. If the landlord wants to renegotiate the rent for a further period, they should be able to do so...”



Appendix A: Full set of respondents' comments recorded in the consultation.

Respondent	Comments in relation to relaxing restrictions on home ownership for Work Permit holders
R01	Maybe if they are allowed to buy houses/property/land. If they are to leave they should be made to sell even if it is at a loss.
R03	Concerned that if permit holders are allowed to buy land/houses indiscriminately it would drive permanent residents out of the market
R04	Relaxing restrictions for work permit holders could result in residents of a permanent type being priced out of the housing market
R07	This shouldn't be addressed until the local market is caught up. At the moment it is hard to buy land/house without another group of people joining in.
R08	It is important to allow WP holders who wish to settle here the opportunity to purchase land to build a house. However, given the limited number of houses for sale (resale), would leave those available to locals. An incentive scheme allowing plot purchase at reduced price for overseas contractor might prove sufficient for them to move to local terms (if this is one of the conditions for plot ownership).
R21	I think there are absentee owners (Falkland Islanders) who rent out their properties, perhaps with plans to return/ retire here. Need WPH residents to be treated differently as long as their properties are maintained & rented/leased?
R24	If a work permit holder has been there that long they should be going for PRP to show commitment if allowed to buy without real commitment house prices would be pushed out of reach. I say this as a home owner who would benefit from a competitive market
R25	I hope that with the right restrictions it will mean more WP holders can build or buy and free up the rental market. Any WP holders who choose to leave will then also make housing available again.
R27	Is there a time limit to hold a work permit? Land acquisition and property construction takes time therefore safeguards may be necessary if individual left FI prematurely- who would they be able to sell to?
R29	Would mean incomers would be first time buyers and get any subsidies (unfair to longer term residents). Should only be PRP/local.
R30	They need to prove some commitment before allowing them to purchase land or property.
R31	To buy or build you should at least be a local or have status
R33	Any absentee land owner/ house owner, after 1 year, the land should default back to FIG ownership or to whoever they purchased it from regardless of whatever development they have done on the property. Not allowed to rent out the property either.
R34	No. Most people who come here on a WP have higher income jobs, therefore allowing them to buy housing would reduce the market for lower income locals. If the WP holder decides to leave the FI they are likely to rent out not sell. This will reduce the market further.
R39	Many would prefer to own. Better to pay a mortgage than rent. Reduces need for rentals.
R43	WPH usually receive a higher salary than locals. Allowing them to buy could exacerbate the situation and limit the pool of houses for the locals. When they leave they could potentially become overseas landlords and rent their homes here. This could then lead to more rentals rather than ownership.
R47	If work permit holders are going to be allowed to purchase homes, further discrimination should be avoided =. i.e. sellers of property should retain the freedom to sell to whomever they wish and shouldn't face restrictions such as having to advertise their property in the PN for 2 weeks. That would be unconstitutional. If a WPH qualifies to buy a residential home, the seller should not be forced to give priority for status holders. Otherwise, things may as well stay as they are.
R52	Current policy denies longer term workers twice over (1) they cant buy (2) if they are an FIG employee their cost of living rises significantly after the expiry of their initial contract when they have to move into private rental sector. If you want stability you have to invest or put up with cost.



R53	FIG needs to be aware of current incidents of speculation particularly by local residents looking for a better return on the money than is available from the bank. FIG has a role to set standards for the real costs of buildings and rental without a profit making element.
R54	Yes but not just WP holders of 3 yrs +. What if WP holder is initially 2 yr then extends, they should have the same rights. The restrictions shouldn't be detrimental to acquiring the land
R63	I believe this would encourage those on WP to commit to the FI and feel part of the community. It will provide additional economic activity into the house building/sale sector. It should not add to the housing shortage as accommodation must be available to those on a work permit. If a work permit holder leaves the property it must be released for sale within a certain time frame.
R67	Generally agree that WPH should be able to purchase house and/or land with restrictions, but after a period residing in the islands e.g. 1 year.
R70	There will always be found within any safeguard measures, a loophole. There will certainly be other times where a blatant disregard for these measures is taking place, with FIG "dammed" if sufficient action is taken against the home/land owner. PRP is not overly difficult to obtain after a 3 year period and highlights that the resident is indeed keen on making the FI their home. This in itself should not mitigate against any risk that the person has purchased the property/land for the reason of speculation (a driver of the present housing bubble).
R75	In general I favour allowing WPHs to purchase land and build, more so than allowing purchase of resale homes. In most cases they will live in it, rent it or sell it so it will all add to housing development, if they have their own home they don't need to rent etc. Also, they may become long term residents which is also a desirable aspect. There is an inconsistency in this with the policy on land ownership, but if they are WPHs they are here, and in the end the house is likely to be used by someone.
R76	I'm conflicted about this policy. On one hand, I think work permit holders who have made the islands their home for a set period of time e.g. 3 years should definitely be allowed to purchase residential land, but at the same time, I spent 5 years living in London and it was impossible finding reasonable rent or housing to buy as wealthy private landlords from overseas were snatching up property to rent out, even affordable housing that was meant for lower income and local households, which resulted in gentrification and prevented those who needed it from accessing stable housing. I'm not sure what the sensible middle ground to avoid this would be, maybe if a build is 'abandoned' for a set number of years, or if there was a maximum amount of years foreign landlords could rent their properties in the islands for.
R80	If WP holders are allowed to purchase land there should be strict guidelines on how long they have to develop that land, if not it can be reclaimed by FIG
R81	First I wish to comment on policy 1. Plots released with lower market value should have that value recovered by the crown for reinvestment in the sector. Otherwise there is a disincentive to purchase first time from the private sector and reduce market size. Also purpose is home ownership for low income, not to provide capital gain to be more mobile. Most new demand (not folk trading up) will be from first time buyers so 25% is probably too low to satisfy this demand and move out of a rental market. This should increase number of starter homes in the market and create more of a housing ladder. Bid system is fair, but not sure it achieves objective of increasing housing. there should be a limit to the amount of capital spent on land relative to the buildings. A ceiling of cost recovery would be best model in my view to avoid negatively impacting on private sector development and herefore faster response to demand. Option 3. subject to capital gain recovery. Agree notional capital gain on day 1, and set fair split between owner and FIG of any gain over that after adjustment for RPI inflation, or, FIG relinquish
R83	Believe they should have PRP first



Respondent	Comments in relation to Policy Priority 1: Insufficient supply of rental housing in Stanley
R01	[...] It would bring down the rent costs. I think FIG are already giving £15,000 interest free to the first time house builder. It would be good to see FIG help out when it comes to buying- if they aren't already.
R04	[...]
R07	We want to buy a large piece of land that we could build a four bed & a garage. This doesn't seem possible on most plots. We won't be eligible for first time buyers, everything seems to be aimed at first time buyers & low income.
R09	Do not put multi story in centre of town
R14	We need to encourage ownership, sell off gov housing, encourage private sector provision
R25	More rental housing in Stanley could be freed up with the opportunity to build in camp being more attractive
R26	Service charge: a charge on homes empty for more than six months might be an incentive to letting
R27	The demand for local housing puts the system under too much strain. A local housing association (town council) could be allocated a certain number of properties in the first instance with existing tenants as their clients. A few additional properties of various sizes would also be provided for future needs. This would allow the FIG housing section to concentrate on the contractor pool of houses. [...] Consultation to determine what is provided by each sector would need to be determined in order to set rental amounts (local tenancy usually unfurnished?)
R29	Rental housing should be private sector not FIG
R30	Hard for young people to get into the market. Cheaper for them to have a mortgage than rent so facilitate this as long as they are able to keep it up. Immigration being looked over. Some immigrants contribute little to the Falklands economy as they send money back to family in home country. People need to show commitment.
R33	Build more houses outside of Stanley- compulsory purchase of little used land if necessary
R37	FIG has created too many new plots which then takes more houses out of their rental pool. They should sell off older houses to local tenants to reduce their maintenance program. FIG contract housing don't need such large plots as generally the gardens are neglected. Should never have allowed pets.
R38	Some people have been renting from FIG for many years. This creates a shortage in rental homes. Perhaps after a period of time (5 years) tenants of FIG properties should have their rents increased to the commercial cost. Some who are unable to get FIG rentals earn little but pay huge amounts in rent privately. If all rent too expensive this can be addressed via minimum wage/living wage levels.
R39	By definition older properties require high maintenance and could be too expensive for low income families to maintain & run. Be better to sell to make biggest return to FIG to buyers who could afford to refurb.
R41	"As a single income household it is almost impossible to borrow sufficient funds to purchase a re-sale house. I personally have made 3 bids in the last year, on properties, the last one sold for over £100,000 more than my bid which was the maximum I would be able to borrow. The 1st, a very old property in need of double glazed windows, a new roof and insulation as well as requiring replacement electrics, plumbing and heating systems was sold for £120,000 so the seller informed me when rejecting my bid which I had made taking into account what I could borrow and the amount of renovation that I would also have to cover. All 3 properties were sold to people who own at least 2 other homes. It almost seems that irrespective of the state and or the size of the property, 1st time buyers with limited cash or opportunity to borrow will always be priced out of the market. The only realistic option for me is to build, where the cost is around £100,000 for a small property of the size that I would require however I have been on the 1st time buyers list for around 5 years and in the past year have only moved up 3 places. I



am not optimistic that I will be offered a plot to bid on in the next round whenever that may be. In addition, just this week I viewed a 2 bed older house, which the seller advised she already had a bid of £155,000 for but expects at least £165,000. A 2nd that I planned to view, the owner said they wanted starting bids of £130,000 but then contacted to say they had an offer of £150,000 so did I still want to see it. I declined as this was already out of my budget. This was also a very small 2 bed. Another factor is the joint mortgage scheme (as attached) is very restricted in terms of the current market, plus cut off before retirement age and to make it affordable there is a requirement to already have a significant amount of cash in the bank which you might be able to if rent was affordable but unfortunately they are not.

R44	The provision of a way for co-op boards to be created will allow groups of individuals to commit to a shared investment of a block of residential units with an affordable cost. This will provide housing for lower income people.
R45	Private sector continuing to build properties for rental at extortionate prices. FIG should increase the housing pool for rental and not subsidise rental from the private sector. FIG need to encourage newcomers into the islands and retain people, however restrictions need to be in place to avoid absentee landlords.
R46	People at teaberry way etc should be able to buy the land that they are living on
R47	Plots in the east of Stanley and in new developments are unnecessarily large. Reducing plot size could be an option. Owners of vacant homes should not face repercussions. They should be incentivised not forced
R48	Small plots fine but what if circumstances change and they want to expand?
R53	Suggest a housing association. Separate some of the major elements such as policy, provision and maintenance
R57	I think FIG could sell off some of the older properties on a rent to buy scheme allowing people like myself to become home owners. The property I live in will need some renovation work in the future. I work in the building industry and therefore would be able to carry out work myself allowing FIG to concentrate on building newer properties thus meaning their already overstretched workforce to concentrate on maintenance
R59	One concern is that any new properties that are built should be good quality- there are stories of some of the newer flats and apartments going up are not suitable (walls too thin and not insulated enough), which is an own goal in the long term.
R67	Not in favour of formal, broad incentives or penalties RE vacant homes. Some limited areas could be: derelict homes/property of deceased owners where heirs cannot be found within 3-5 years (e.g. the property could be assessed, put out to tender with the assessed value as the minimum bid and monies resulting from the sale set aside for heirs when found (or for a designated charity after an appropriate period)), and new planning permissions (if they do not already) could include requirements to complete building within certain time period or face possible penalties on a case-by-case basis.
R70	Policy option 7 areas of disagreement: "increase the amount buyers can borrow through the Joint General Mortgage Scheme"- At face value, this option appears to be an 'easy win' to help buyers make that step up the first couple of rungs up the housing ladder. However, as happened after the previous increase, the availability of 'extra' cash in the market only served to aid the profit margins of the construction companies building the homes. Therefore, the benefit to the buyer was effectively wiped clean and just left them with a larger, high interest rate, debt to pay. If FIG and SCB will look to increase the amount that may be borrowed under the scheme, a mechanism must be put in place to stop the construction industry artificially increasing their prices in order to take advantage of the 'new money'. Any mechanism would likely be overtly intrusive and risk construction companies not working with clients under the same scheme, therefore, any increases should simply be linked with RPI or other inflation indicators and affected annually. "Provide incentives for first time buyers of resale homes"- Much the same as the JDMS, this would only serve the seller as they artificially increase the housing price to take advantage of the incentives provided. "Create a rent-to-buy scheme & sell off older FIG properties to tenants or lower income residents"- I disagree with this



approach as FIG desperately need to increase and maintain their rental portfolio and not sell portions of it to the public. Improving the potential for long term renters to build and buy are a great deal more preferable in current climate.

Respondent	Comments in relation to Policy Priority 2: Affordability of rental housing in Stanley
R01	It's a tricky one- we would all like to be helped out but the regulations has got to be profitable. The question is, how much profit should one get from a property? I for one am not going to do it for near to nothing.
R04	It is not just affordability that is the problem, but the quality of housing and the quantity of the lives of those living in the properties. Whatever is built will probably be there for 100+ years, and therefore building permits should only be issued if new builds conform to reasonable standards od quality of the build and the design that will provide a good quality of life, taking into account space, sanitation, noise, satefy, ventilation, space outside for recreation etc. [...]
R14	Don't implement rent controls, they wont work.
R20	Definitely don't implement rent controls
R21	If developers are incentivised to supply affordable accommodation then that should cater for that need. Rent control would then be self-regulating. FIG housing for low income residents could be increased in the short term until other affordable homes come online. Welfare benefits to provide or help low income residents should only be a stop gap to a better solution.
R24	Recently became aware that a local builder thought an affordable pcm rental amount was £600, as this is over 80% of the lower wage income bracket. I question what an affordable rent is. Its ironic than an affordable rent is equal to a mortgage that the same occupier would not be eligible for.
R25	It would be difficult to encourage private sector renters into charging less money but it should be controlled rather than incentivised. The incentives to build affordable housing are already there in the hiked demand for single-unit and affordable housing, there is no willingness to meet this demand because there is enough demand at the higher end. WP holders being able to buy could alleviate demand pressures. But there isn't much chance that the private sector will reduce rents if they speculatively know that more demand is coming from Capex and oil exploration activity. Controls seem to be more effective to me.
R27	One would imagine that rental in the private sector will invariably be higher than FIG despite the fact that FIG has provided financial assistance to provide/ construct property. Perhaps a % could be applied as a maximum charge based on what FIG would rent at based on prevailing rental rates at the time of approving assistance packages. This could be negotiable but may inspire firms to act quicker and not drag things out hoping for a better deal later on.
R29	Incentives, no grants
R30	We cannot keep providing for those that cannot afford to meet the cost. FIG doesn't have an endless supply of money. Comments on failing business (fish stocks dropping and low wool prices) and how government isn't going to be immune to the world recession.
R31	Think FIG prices are affordable disagree with [...] private rent price. Agree that contractors have priority over local residents.
R32	I think it's a shame that not more is done to try and encourage our young people to stay here. My son and his girlfriend have to live with me because they can't afford to rent privately on their wages- it would cripple them! Both are FIG employees who contribute to the community- both are continuing to study to better themselves but it seems like support is only offered to those that chose to have children! They were told by FIG [...] that they would never get FIG housing! It's disgusting! All they can do is save and build...but not everyone wants to be tied to a mortgage.
R35	creation of low income homes = ghettos



R37	Don't think FIG should take control of rents as some landlords have been successfully renting for many years and the tenants are happy. They should also not lose out if there are incentives for improvements e.g. extensions. Controls should be: number of people in house
R38	FIG rentals should not be available for those above a certain net income. Tenants rent from FIG when payed low but with promotion can afford to buy or rent privately but don't. They stay with the subsidised FIG property. Those who can afford it should be moved on.
R44	The provision in legislation for housing co-ops would also make opportunity for affordable retail property
R47	Imposing restrictions on provate sector rentals is a slippery slope. FIG should ensure there is a sufficient number of homes on the market by building and encouraging private sector to build. All new developments should have a % of its units dedicated to first time buyers, or low income homes. Maybe time for FIG to adopt a housing association concept.
R53	Would be wary of direct involvement in rent control or incentives to the private sector. FIG has a role as an exemplar of real costs.
R64	For people with expandable income, there is very little to invest in here in the FI. FIG have inflated the rental market by renting housing off the private sector at increased prices (and then subsidising them to the contractor workers they place them in- at the cost to the taxpayer). With the rental prices as they are now, it makes good business sense to invest in the bricks and mortar as the return is very good. Unfortunately for the average Joe who wants to have a second property as an investment, he cannot complete/ afford to purchase a serviced plot to build on- as the price is highly inflated- in comparison to a first home buyer. This is fair enough. But with the only option to purchase a resale home, you can understand why it is the cheaper option (over paying a huge price for a serviced plot) to pay over the odds for the resale home. There is no other choice and has to come about by FIG's policies- or lack of foresight. So to then start capping the private sector rental prices- after someone has just invested, would be wholly unjust. If capping was to be implemented, it should only apply to any property that is purchased after the date the policy is implemented. This may prevent people/ business purchasing as an investment and allow first home buyers a more competitive go at a resale home. Or you could just increase the joint mortgage scheme to be more realistic- and in line with current house prices. Otherwise it's pretty useless.
R65	Rental prices in the town are being pushed up and FIG aren't competing with the private sector to keep prices down but appear to be attempting to get as much as the private sector for each property, which is exacerbating the problem. Look at the possibility of capping housing prices in FIG to prevent housing from being unaffordable for the local, working, resident population and encouraging more absentee landlords
R66	The most important thing to tackle first is some kind of control on rent rates. I was speaking to a private landlord and he said his rental rates were so high because of the mortgage payments on second homes. Private rents are out of control. Although they seem to have no problem getting tenants you have to question their standard of living. I have heard rumours of overcrowding, people turning sitting rooms into extra bedrooms and families sharing bedrooms. A friend of mine recently gave up their rental home as their landlord doubled his rent overnight to reflect the top end of the market.
R68	I don't see why it should always be down to FIG to fix or pay for everything to be done all the time. I don't see why FIG should provide private renters with incentives to make extra or empty houses available for the rental market and decent prices, if FIG provide lower rental housing for those people then automatically the private sector will have to alter their attitude and greadiness towards renting and bringing down the cost to rent is they wish people to rent.
R70	The FI has created a bubble, and with any bubble, those that have bust themselves through speculation will inevitably burst in the long term. At present, rent on private housinf is, in many cases, unaffordable. However, demand is extremely high which has lead to overcrowding in unsuitable accommodation. We are close to some landlords being described as 'slum lords' which is simply unforgivable. The government must take strong action to cap rental prices and see that the properties are both habitable and limited by how many tenants may live together in these properties. I understand that the need to encourage new developments is strong but how much of an ethical cost are we prepared to pay to get there?



R75	The risk is that any system becomes very complex with the unintended consequences if conditions are applied at every turn. If there are more attractive services plot developments the market will hopefully take care of it. The caveat on providing plots 'ad libitum' is that there needs to be some thought as to how the private sector can develop their land for a commercial return and for a more diverse offering
R76	I have already addressed this in another section, but believe that rent controls combined with incentives for private landlords to provide affordable housing are an excellent idea and would be fair for low income tenants. The welfare benefits system should also help meet costs, like the housing benefits and DSS available in the UK, and that private landlords should be prohibited from banning those on such benefits from renting their properties, as that happens too often in the UK
R81	Low interest rates are driving private investment funds into the housing market so no shortage of potential funding- currently. Therefore rentals could be significantly lower to provide adequate returns. Solve the housing shortage and solve the problem of high rents and affordability. FIG should accelerate development of housing plots by FIG and remove barriers to private sector doing the same. All actions proposed above are less attractive as all distort the market and behaviours.
R86	Rent and landlord controls are long overdue
R92	likely private sector providers appear to be making a lot of money - do they need extra incentive?

Respondent	Comments in relation to Policy Priority 3: Affordability of home ownership in Camp
R01	Farmers make enough money. Farmers are good at not investing their money- it is not our problem if they aren't good enough business people- it is a business not just a life style
R02	I believe that as long as it's not for 2nd home i.e. holiday home, then more should be done to encourage persons to build/buy their homes in the camp
R07	Again maybe some consideration should be given to non first time buyers also.
R08	We want to encourage families to settle in camp so there are incentives that must be provided and costs that must be undertaken and accepted by FIG.
R15	I have no idea what it is. I don't have time to find out but I've just heard on FIRS you would like an improved response. I'm not surprised- this questionnaire is one of the worst I've ever tried to complete
R21	If FIG is serious about Rural Development, this should be available to anyone in Camp. [...] is not helpful to people wanting to build in camp or those already living in camp. People working on some of the farms have free rent and other subsidies so the value of these should be considered in evaluating 50% debt ratio. If you are able to buy land outside Stanley, you also need to pay for other builds such as water and plumbing. If able to buy on a farm then you may need to have an arrangement with the farm. If you buy an abandoned house in camp (most derelict and need renovating) the costs are high because of haulage etc. Bigger issue than just housing.
R25	[...] there is a barrier to access finance to take advantage of a higher JGMS lending ability. RDS grants assist to a degree but are mostly retrospective, and a one off and in the case of residents rather than businesses in camp and the system isn't supportive. The JGMS option could support some first home buyers in camp but can't help those looking to expand their business, build a home to rent in camp or to build a home to expand their business for seasonal workers or teachers. Worried that living in camp is put into a 'difficult pile' rather than looked at as part of the issue we need to overcome. There isn't assistance that lines up in a way that is solely dedicated to making home ownership easier there.
R29	But not for holiday homes- need to be occupied full time, don't know how you would regulate that though.



R33	As there is a vast amount of little used land in camp. The equivalent sized plot in camp should be made free to outside of Stanley development. This should make building in camp cheaper and encourage development in camp.
R62	but must be affordable
R70	At face value, this option appears to be an 'easy win' to help buyers in the camp. However, as happened after the previous increase, the availability of 'extra' cash in the market only served to aid the profit margins of the construction companies building the homes. Extra cash is not the answer, this only serves to artificially increase the cost of development which negates any intended benefit.
R74	It should be the same in Stanley and camp
R75	Assuming the policy to encourage development in camp is the priority then some additional assistance is necessary
R76	I would love to see the development of the camp for residents. The population has been in decline throughout my lifetime, and long before that, but the additional costs that are incurred when building in camp put those wishing to do so at a severe disadvantage. In places like Italy, the gov offered burseries, grants and plots of land to young people to encourage them to move to run down rural areas. This may not be the best solution for us as a country, but I believe it is still worth exploring, as I'm sure there's people wishing to live in camp, not necessarily as farmers, but the costs prevent them from doing so. A higher mortgage for the Join General Mortgage Scheme seems like the fairest option at this time.
R81	A higher mortgage is not a positive solution to housing in a relatively low income economy. Suggest providing a cash grant equivalent to the difference between first time buyer plot cost and Stanley plot development cost to compensate for extra/over cost of building in camp. Repayable on a schedule if house stops being in full time occupation by someone economically active in camp.
R83	The JGMS cap should be increased, and not just for new-builds but there needs to be a look at how the scheme is implemented for resale properties as the bank will only lend to the valuation price so first time buyers are easily outbid as they often don't have a big enough down payment to compete against other buyers. As well as this, I think it is worth FIG looking at availability of FIG land/plots alongside the Rural Development Scheme as there are plenty of people who would be interested in building their first home in camp and commuting or working from home but there is no land available to do so - offering plots at Fox Bay on government land or elsewhere FIG owns land, or encouraging other parts of camp to consider selling small portions of land would help to repopulate camp, and if first time buyers then the majority are younger. I'm sure people would also be keen for this option for second home buyers, but priority should be given to first time buyers otherwise they'll immediately get priced out
R92	to build in camp you must own land/farm - is that land not an asset that can be used for collateral?



Respondent	Comments in relation to Policy Priority 4: Affordability of home ownership for lower-income residents in Stanley
R01	I think it is a good idea to rent to buy scheme- but for low income households their property could very easily become a look of a 'shanty town', as they will not be able to maintain things- maybe if they were to rent for 25 years or a long period to prove themselves.
R07	Rent to buy would help many less fortunate families, a great idea
R20	I think I read somewhere that rent in the FIG properties for low income families, or maybe pensioners, as being around £430 pcm. This is fine for FIG as there is a tendency for FIG properties to not receive investment over the years at this rate. Therefore these assets reduce value and availability. If a property is in the ownership of an individual or company, neither will wish to end up with a property depreciating year on year. To maintain a standard, there is a need to invest and therefore a higher rent will need to be applied, on top of this, all income is taxed (nationally), so where is the attraction to not reap capital costs/ expenditure over, say, 10 years. Maybe FIG could encourage private rentals at lower rates by not taxing the income on owners. This seems to be the sensible way to really encourage private individuals to build instead of banking.
R21	Older FIG properties should first be offered to the tenant but if they don't want to buy or cant afford to-where do they go? Maybe there should be a scheme to enable them to buy if finance is the problem. Or a low income rental offered from the new builds envisioned. These properties could then be offered to low income residents and if none were taken, sell to the developer. Generally older FIG properties need renovating, instead of FIG spending on these concrete new builds. If older properties were sold at attractive prices perhaps some thought should go into having a condition for sale to keep property in good repair.
R24	The problem with rent to buy schemes and purchase by tenants: it may meet the needs of the buyer at the time, however, if they had more children they could find themselves stuck. I would suggest that they should be able to buy a larger FIG property under any scheme to reduce this problem.
R25	Better aimed at lower-income households that have evidenced extra cost-of-living and no easily attainable option to improve through other FIG schemes i.e. single parents on low incomes.
R34	FIG should allow rent to buy or purchase of rental property to lower and middle income families. If focus is on lower income then its unfair for middle income families.
R38	I believe a tax free saving scheme would be a good idea. However, it must have safeguards to stage profiteering. Perhaps only once in a lifetime and once the property is purchased it cannot be sold or rented out for a considerable amount of time, say 10 yrs. If it is then the tax must be paid.
R39	Care needs to be taken to give help to those in real need
R42	Hopes to purchase old house that the family are renting. Thinks policy option #11 is great.
R44	Purchase of rental property would be positive and should not be available to high income individuals. Aim at low-middle income.
R47	No matter the income of an individual, when it comes to reselling there needs to be safeguards to ensure the property is sold under conditions to be in the 'affordable' category.
R53	Many low income residents are not liable to tax and would not benefit from tax free savings. These same individuals may not be in a position to provide the maintenance required on older homes in the FIG portfolio.
R54	With any policy, need to ensure that middle group arent discriminated against.
R57	I think any help FIG can provide to people to be able to purchase a property and get on the housing ladder would be a huge benefit to the local community
R62	Any rent to buy scheme should have conditions if there is a subsidy re buying the property under value
R63	A tax free saving scheme such as ISA style product should also be available to everybody to encourage saving. There can be a limit on maximum investment so as to avoid the wealthy



disproportionate benefiting. I'm not sure it needs to be limited to use as a housing deposit

R66	These were difficult questions. If anyone is renting FIG housing I understand they are on lower incomes. I have heard of people who have savings over a certain amount being forced out of FIG housing to build their own as it was established they could afford it.
R70	FIG desperately need to increase and maintain their rental portfolio and not sell portions of it to the public. Improving the potential for long term renters to build and buy privately are a great deal more preferable in the present climate.
R73	Sale of existing older FIG properties should be offered for purchase to enable FIG to build and release new properties on preference basis i.e. first to the existing low income tenants; then to other low income buyers; then finally to any other FIG tenants, low-income or otherwise, which would result in the eventual sale of an aging FIG property and facilitate a new FIG build. We think the borrowing cap on the Joint General Scheme is set too low, and it doesn't seem to be reviewed or in line with the market. It is the £95K which is what it was when I got my mortgage in 2000, but since then the market has changed significantly and it must be making buying and building, especially for a 'forever family home' even more difficult for younger/ low income families and other potential home owners in Stanley and Camp. We know there is another mortgage scheme for higher priced purchase amounts, but of course it isn't accessible or feasible for this group.
R74	Yes rent to buy scheme is a good idea
R75	Not sure of the merits of various assistance schemes, folk involved are better placed to comment on preferences. There needs to be some safety net and scheme for lower income residents, but not sure the above options are the only solutions or options.
R76	I think that, in the first instance, a rent to buy scheme should be rolled out for lower income residence initially, but then expanded to include first time buyers. As I said in another section, my one concern is that we cannot build houses fast enough to replace any properties that were sold off for a rent to buy scheme, as that happened in the UK and then the scheme was largely abandoned.
R77	The issue is ensuring that housing development goes ahead. That's the most important issue. Free up land, serviced plots and encourage the private sector to take part in developing land.
R79	Rent to buy scheme should be available to everyone. The term lower-income is not clear and could depend greatly on individual circumstances
R81	Option 10. As a general rule I am not a supporter of using tax to influence behaviour or to deliver government policy.
R83	Option 11 shouldn't be limited to low-income earners, as for some properties that need lots of refurbishment it would mean that houses would continue to run down as low earners wouldn't be able to afford the maintenance. If FIG stock needs significant maintenance and that is the reason for sale then these should be offered to first time buyers or the open market but with a subsidy for first time buyers. Young people may want to buy a project house to "do up" and often older FIG properties (or other resale properties) have established gardens which some buyers consider more important and is a reason for not wanting a new build on sapper hill where establishing a garden will take 20years. Don't see why tax-exemption is needed for the rent-to-buy scheme, [...] there needs to remain some responsibility, even on low income earners to manage their money and demonstrate ability to save. Tax exemption seems to be going a bit too far, even if it is for all first-time buyers it seems a bit excessive rather than a straightforward saving scheme, especially if combined with existing first time buyer subsidies. FIG should work with SCB to offer more flexible or more different mortgage schemes, as now that the price of houses continues to grow, the £119k standard mortgage barely covers the cost of a house, and more people are having to make up the 75% balance for a variable mortgage or for unsecured loans - increasing borrowing power, particularly for mid to higher earners would mean they would be able to build/buy sooner and get on the housing ladder sooner.
R92	one simple buyer scheme (PO10) enough to assist low income buyers (not just first timers)



Respondent	Comments in relation to Policy Priority 5: Housing quality and suitability
R01	For the cost of a mobile home (they shouldn't be allowed), I believe we should start to develop the caravan park into a solid structure of a house.
R02	Definitely should have to abide by building standards and be given advice on siting. As we have seen in the past, some mobile homes are literally been thrown on the land
R21	Caravan park improved or new smaller permanent dwellings erected
R24	As long as existing land space etc is also applied
R26	If a small unit is what an individual wants and can afford why should they not be allowed to site it on a small plot?
R27	If circumstances change and the caravan/ mobile home gets turned into a rented facility, which was not the original intention
R29	Answered yes but I think housing should be of a more permanent nature. Disagree with lots of mobile homes at all.
R30	If mobile homes made permanent then they need to be tidied up. If too costly, build single bed permanent structures to give lower income individuals an option.
R34	Caravans should only be allowed on a residential property where they are temporary accommodation for the building of a new home on that residents plot
R39	Multi unit living can be hard for older people, noise, nuisance and parties
R43	We should move away from encouraging people to live in caravans. This is not a long term property option. Caravans also spoil the look of the town.
R47	Permanent and energy-efficient micro-homes could replace a lot of the crumbling portacabins.
R52	Suggest that burden of proof should be on the applicant, not any potential objector; assume that the application will be rejected unless the applicant can demonstrate to the satisfaction of the committee and any objector that it's a reasonable one, rather than allow it to go through unless someone comes up with a significant problem
R53	Multi story buildings better suit
R65	I think people should be allowed to be flexible with the siting of property on their land. However, any siting of caravans/ mobile homes should be made to be tidy, have parking, be fenced and be structurally sound. It is essential that town planning enforcement is brought in to tidy up those unsightly areas. Any buildings falling into disrepair should instigate instruction from town planning to rectify with deadlines after which times fines and demolition actions should be brought into play.
R67	Until there is more housing available, especially secure rentals, caravans should be allowed with, say, 5 year planning permission-renewable if the caravan continues to meet the standards and the grounds are not an eye sore. What is permitted could also be reviewed every 5 year or so and become more restrictive if there is less housing pressure
R70	FIG may look to provide incentives for persons to create extensions that serve as a granny annexe as opposed to unsightly caravans that may inadvertently hinder the property values of adjacent homeowners
R73	Avoid caravan parks; placement of caravans to be in line with planning regulations; building standards to apply
R76	Truthfully, I do not understand why a block of flats or other affordable multi-story housing wasn't built on the plot of land where the caravans were placed. It seemed like a waste of resources at the time, and if a taller building like a block of flats has been build instead, it could have potentially housed more people. I also have some concerns about the warmth of the existing caravans during our winter. I am aware that some people are incredibly happy with their mobile homes. I dont disagree with mobile homes being allowed to be placed on residential land with existing houses either, but caravans do need to comply with current building standards. I would, however, prefer to see other potential residential land to be developed for multi-story flats or houses instead of more caravan parks.



R78	I don't believe that people want to live in caravans, just that that is all they can afford to live in.
R81	A simple set of standards regarding thermal efficiency etc is needed and long overdue.
R83	Mobile home/caravan shouldn't be allowed on residential property where house exists unless temporary (ie whilst building) - small and more permanent options should be the priority.
R86	There are no caravan parks. FIG should be enforcing that no more mobile homes be purchased with the intention of siting them on residential properties and renting them. They do not solve a problem. They are merely creating more problems. If this wasn't already an issue there would be no need for this section of the questionnaire would there? Many of the caravans that are rented are looking pretty shabby. In the Falkland elements they require cladding and roofing if they are to endure the weather, be more energy efficient and also to fit in better and look less like ugly caravans.
R92	important FIG don't panic build more sub-standard housing (ie more embarrassing caravan parks)
R93	[...] The roads are unsurfaced and there are no pavements or street lighting. There is little privacy, with no thought having been put into layout or landscaping, or even the provision of basic windbreaks.

Respondent	Comments in relation to Policy Priority 5: Housing quality and suitability
R01	Find it very hard, incase FIG are to bring in unrealistic restrictions
R06	I live near 2 rental properties and out of hours noise (parties) and parking area problems
R15	Doesn't necessarily need to be standardised but there should be something that meets a minimum standard
R20	As I see it, a % of tenants fall into a different category. This % send a % of their income overseas to other family members or invest in a property overseas and this is perfectly fine. But, I do not think that a landlord in the Falklands should be controlled if they have chosen to invest their funds in the Falklands to both provide needed housing and create their family well-being, financially, as opposed to an option they could take i.e. just hold money in a bank account.
R21	Both tenants and landlords should be protected from unscrupulous behavior. If landlords want to write their own agreement and not use a standardised one they should be able to, but it should be approved by a regulatory body for legality and fairness.
R24	tenents need security from bad landlords
R25	This is important particularly to support families and when supply is low for affordable alternatives
R26	Protection should be for both parties as bad tenants can trash a property
R29	Very difficult to get a standard agreement- some allow smokers/pets and some don't for a start
R30	Some protection needed but legislation could make it complicated. The state that some FIG homes are left in arent acceptable and costs should be recovered from the tenants.
R37	Agree that tenants need to be protected but so do landlords. Not all landlords are out to rip people off.
R39	Protection needed for both parties
R52	balance between supply and demand puts all power into hands of the landlords at the expense of the tenants and the agencies for whom they work for. Using islander ownership as a trump card for everything simply won't do. If you want to retain the best personnel, you need to make the options at least reasonable for them.
R53	Both parties need protecting
R62	Standards can be imposed if FIG contributing to rent



R63	For too long the protection for tenants has been lacking- no security of tenure, no regulation, no standards, no limits on occupation, no limits on rent. Maybe an accredited landlord scheme could work- but experience suggests that that works where there is a competitive market where tenants have a meaningful choice of landlord. I think it needs law.
R68	I am lucky enough to own my own home and a second small home, which I rent out. I have had an agreement for my tenants to sign which includes the length of the lease and how much notice they have to give me and keeping the house and grounds tidy. I do not agree that FIG should be interfering in private rental. I would hope those that are renting keep their rental property in a good state and keep an eye on them regularly. I realise that there are some overpriced rental properties on the market, but not everyone is over charging and I do not wish to be told what I can and cant charge.
R70	At present, rent on private housing is, in many cases, unaffordable. However, demand is extremely high which has lead to overcrowding in unsuitable accommodation. We are close to some landlords being described as 'slum lords' which is simply unforgivable. The gov must take strong action to cap rental prices and see that the properties are both habitable and limited by how many tenants may live together in these properties.
R73	This is not about creating a standardised agreement or voluntary governing guidelines, but creating a regulatory framework that landlords and tenants must, by law, adhere to, which provides protections for both parties. Within that framework examples of landlord/tenant agreements that are compliant with the law could be provided. There also needs to be a process for complaints to be investigated for both parties.
R75	A lot of these conditions and micro management could be avoided simply by having more land and plots readily available. The 'pipeline' for providing serviced plots FIG and private sector is too stop/start it needs expanding and consistency. It can't be magically produced at short notice. When we hit a 2 year or whatever delay we divert to thinking of all sorts of conditions to remedy the situation, many of which are likely to be complicated and have unforeseen consequences. Just develop the plots!
R76	As FIG is the largest provider of housing in the islands, I think it is sensible for them to set out a standardised landlord/tenant agreement with private landlords. It sounds fair, and I would prefer it to be mandatory. I think it would be helpful for all parties involved, especially for a first time tenant or landlord. I do worry about whether or not tenants rights would be equal to those of the landlords, as that has not been my personal experience in the UK, even when leaving a property in a better state than I found it. Laying out clear instructions, like conditions for early termination as one never knows when they might need to vacate the property, e.g. due to ill health/ bereavement. I also think a deposit protection scheme is needed, like the one offered in the UK, as in the UK, many tenants cannot afford to move or struggle to find a new rental because their deposit either hasn't been returned without due cause, or the landlord may take some time to return it.
R78	FIG should impose or require tenant/ landlord standards. Stressing this point as the question above.
R79	If you cannot direct the private market to conform to the government expectations of what the system should work like. If government properties were in ample supply and offered to the wider market beyond social housing the knock on effect would be a reduction in the rental rate charged by the private sector. There are far too many variables for each private landlord to be expected to conform to a standardied agreement in terms of property size, specification, age etc. The proposal is short sighted and unworkable in an attempt to seek a solution
R81	A document setting out what is and isn't acceptable behavior for both tenants and landlords would be a very useful document to reduce frequency of issues. A standard proforma tenancy agreement for use by landlords would also result... (comment cut off)
R83	I think working towards voluntary guidelines should be the first step, once the uptake of these has been determined and to see what buy-in there is then you can consider whether it is necessary to make it mandatory or whether it will essentially self-govern as suggested in the policy description. It would also be good to see some framework for rent reporting and complaints or similar within this, as some tenants are put into accommodation provided by



their employer and tied to their work, and therefore may not feel able to speak honestly about the pressures of renting for fear of repercussions or losing their job [...]

R92 landlords will be obstructive/never agree - save time/effort and go straight to legislation

R93 There are two different issues that need addressed. The first is that tenants should be protected against rent rises during the agreed tenancy period (12 months unless special circumstances apply) and should also be protected against the tenancy being terminated unless the tenant has breached the terms of the agreement (other than where the tenant has agreed at the outset that the tenancy can be terminated on not less than 4 weeks notice because the property is required by non-commercial landlords for occupation by self or family). The second is that landlords should be able to regain occupation at the end of the agreed lease period. If the landlord wants to renegotiate the rent for a further period, they should be able to do so.



Appendix B: Summary of issues and comments arising from Public Meetings and consultation with Chamber of Commerce members.

Public Meetings held in Stanley on 8 September 14 October 2020

- Concern that there is a real housing shortage now, not just in the future
- There is space in the market for more Homes in Multiple Occupation (HMOs), which could offer lower cost alternatives for people
- The release of plots for development needs to be faster in order for that aspect of the market to be viable for current and prospective developers
- Subsidised building plots should be offered to people moving house as well as to first time buyers
- Need to provide sufficient incentives to private and commercial landlords to bring more accommodation to the market
- Suggested that FIG if increased its pool of rental housing it would bring down the market level for rents
- FIG policies need to align and support the housing strategy e.g. help link together FIG employees and others who want to house share
- Wider issue of reducing reliance on temporary contractors and the linked pressures this places on the housing market

Public Meetings held in Camp on 25 and 26 September

- Financial incentives currently favour first time buyers building new houses in Stanley. Equivalent support needs to be provided for: building in Camp; buying resale properties; and enabling Camp residents to sell their property and move to Stanley e.g. farmers who wish to retire
- [...] it was questioned whether [...the] value [of] agricultural incomes [was understood] both of farmers e.g. variability of earnings from year to year, or the incomes of farm workers e.g. real terms wages are higher when consider accommodation is often provided
- Key issue of building in Camp is the additional cost compared to Stanley, as well as the cost of putting in services (water, power, and communications) and this may not be reflected in the potential resale value of Camp homes
- The conditions for FIDC power grants should be improved to reflect real world circumstances
- Strong agreement that private sector rents are too high, particularly for young people starting out, and the need to find a way to bring them down
- Farmers/Landowners have no difficulty with finding land to build a house, but it is difficult for others who may wish to move to the Camp to do so (landowners unwilling or unable to sell plots)
- All housing concerns are linked to other, broader issues for Camp – opportunity, connectivity, schools etc.
- Farmers/Landowners have no difficulty with finding land to build a house, but it is difficult for others who may wish to move to the Camp to do so (landowners unwilling or unable to sell plots)
- All housing concerns are linked to other, broader issues for Camp – opportunity, connectivity, schools etc.



Meeting held with Chamber of Commerce members on 1 October

- Strong perception that there is a serious housing shortage at present, particularly for low cost housing, and that any plans will need to tackle the existing deficit first before meeting future demand
- Agreement that there is a gap in the market for HMOs and smaller, more affordable housing units
- It was noted that the current pace of building may be higher than we have assumed
- Concerns about delays in the release of serviced land holding back the pace of building
- The cost of servicing land was highlighted as significant limiting factor for developers, particularly in relation to developing low cost housing
- In looking at the affordability of home ownership in Camp; there is a need to distinguish between the East, West and outer islands, as building costs can vary depending on the location in Camp.
- The already strained capacity of the building and construction sector was raised as a limiting factor for any proposed housing developments
- Proposed options to increase the availability and affordability of rental housing in Stanley were welcomed; particularly reducing restrictions for Work Permit holders, and extending rent relief to private sector renters, however it was emphasised that any measures should be considered and monitored carefully to avoid negatively impacting the cost or availability of rental housing for permanent residents
- Concerns about negative planning decisions, especially in relation to high density or HMO types of buildings that are needed
- Need to have the right incentives for business and individuals to invest in the sector, particularly with regard to developing properties for rent. A holistic approach needs to be taken, including examining opportunities under the tax system
- Suggested that further data should be compiled; would be useful to conduct an analysis of affordable rents as a percentage of income compared to commercial rates, taking into account building costs and sufficient incentive for a return on cost. FIGs rent charging policy should also be examined relative to market levels.
- Ultimately need to increase supply of housing, rather than just shift demand between categories of housing tenure
- Concerns raised about the issue of over-crowding in accommodation and that this needs to be examined and addressed
- Key developers in the market, and businesses in general, expressed a keen interest in engaging with FIG and working together to develop solutions
- Light touch regulation of the private sector rental market was desirable, but it was cautioned that over-regulation would drive landlords out of the market if rules and regulations were over burdensome.

Housing for Our Future

Supply, Demand and Policy Options

February 2020



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Executive summary

With a very small population, robust economy and full employment, the Falkland Islands faces unique challenges and pressures in sustainably planning for the future growth of the nation. The Islands Plan 2018-2022 sets out an ambitious agenda for growth, including the delivery of improved infrastructure, enhanced public services and support for the economic development and growth that will secure long term prosperity for Falkland Islanders. This includes developing policies and actions that build on past successful programmes and support a functioning housing market that delivers safe, affordable, good quality and appropriate rental and ownership options for all segments of Falkland Islands society, both in Stanley and Camp.

This report sets out to estimate housing demand and supply over the next 15 years in both the rental and home ownership markets, as well as examining affordability, quality and the role of the private sector. Because of the high proportion of temporary workers in the population across all income levels (many on multi-year contracts), and the low rates of conversion from work permit holder to permanent resident, the Falkland Islands faces higher demand for rental accommodation and a reduced ability to plan for household size. Similarly, restrictions on property ownership for non-permanent residents also increase rental demand and may have the effect of reducing availability of affordable rental housing for lower income residents.

The most critical issue identified is the current and future shortage of rental housing, which constrains the ability of the Falkland Islands to attract and retain a sufficient workforce. Policy options presented look at both opportunities to increase supply and shift some demand from rental to ownership. Affordability of rental accommodation, and rental and ownership options for lower income households, are also important concerns. Policy options include a range of ways the FIG may wish to intervene in the market (captured under the headings of 'Affordability' and 'Security of Tenure' and 'Quality'.

Recommendations on land use, housing density, and building construction and standards (including energy efficiency), are beyond the scope of this report and should be addressed elsewhere by the relevant FIG departments.

This report assumes that the private sector will have a greater role in the delivery and ownership of rental accommodation, but does not provide specific guidance on whether the Falkland Islands Government (FIG) should continue to own and manage non-social housing stock. Similarly, the issue of whether to privatise the management, repair and maintenance of existing FIG housing is not addressed. This is because these decisions would not, in themselves, address the key housing challenges facing the Falkland Islands and are largely driven by political preferences. Should the government wish to explore divestment and/or privatisation, we recommend that a full cost-benefit analysis be conducted to support decision-making.

Key findings

Population growth

The combination of increasing labour requirements driven by economic growth, and the demographic aging of the current permanent population, will result in a growing demand for foreign workers. In the absence of programmes and measures to encourage work permit holders to take up permanent residence and ultimately Falkland Island status, the result will be an increase in the percentage of temporary residents in the total population. This has implications for type, size and ownership of housing and contributes to some uncertainty as to the optimal housing supply mix. For the purpose of developing policy options, we have assumed that the proportion of temporary residents within the population will increase as described.

The population model¹ forecasts total long-term population growth from 2,834 in 2016 to 4,024 in 2035 (not including civilians at Mount Pleasant (MPC)). While over the long term this represents an average population growth rate of 1.9%, plans for major infrastructure projects and the potential start of the Sea Lion oilfield development could result in a short-term spike in population between 2020-2025. This spike will be almost entirely comprised of short-term, unaccompanied temporary workers who are not expected to contribute to housing pressures, for reasons described below.

Population Composition

In 2016, 24% of the Falkland Islands population could be classified as temporary – primarily work permit holders and their dependents – who are resident in the Islands for only a finite period of time, even though the jobs they fill are mostly permanent. As the economy grows and more workers are needed, it will be necessary to recruit more workers from abroad, which will increase the number of work permit holders in the population.

Approximately 25 individuals each year currently convert from Work Permit Holder status to Permanent Resident. If this trend continues, 511 new PRP/Status Holders will be added to the population by 2035. During the same period, there is expected to be a net decrease of 128 persons in the current population of PRP/Status Holders, due to aging and declining birthrates. This implies that 68% of the expected population growth will come from temporary residents; with 37% of the total population comprised of temporary residents by 2035.

Housing demand²

We expect total housing demand (including demand for second homes) to grow from 1,455 in 2019 to 1,945 in 2035. This will include a significantly increased requirement for rental accommodation and single-bedroom units, due to the expected increase in unaccompanied work permit holders. We have also analysed the current prevalence of individuals in non-nuclear households and expect that some of this is due to a lack of affordable options, rather than individual preference. We have assumed that many of these individuals would prefer to be in more traditional housing if it were available and affordable; this demand is included in our projections.

While it is beyond the scope of this report to recommend specific types of housing construction, we note that supply of single-bedroom rental accommodation is typically more efficiently delivered as flats or apartments rather than as semi-detached or terraced homes.

Housing Supply

We estimate that available housing supply could increase from 1,485 at the end of 2019 to 1,922 in 2035. Future supply projections are based on an analysis of past trends, currently planned housing projects by government and private owners and reducing the percentage of vacant houses in Stanley and in Camp. Supply forecasts assume that market conditions and the investment climate will support speculative³ private sector participation in the rental housing market.

1 A population growth model has been developed in June 2018 by the FIG Policy and Economic Development Unit, which aimed at projecting population growth in the Falkland Islands under a number of scenarios and based on a number of assumptions. The model has been regularly updated as new information has become available. The methodology, assumptions, and results of the population growth model have been extensively described in the paper 'Socio-economic impacts of oil & gas development in the Falkland Islands. Employment and population growth. A wider perspective' (October 2019) prepared by the FIG Policy and Economic Development Unit. Population projections presented refer to a 'central case' scenario and incorporate a high level of uncertainty.

2 Housing demand and supply projections – as well as projections of the gap between demand and supply (i.e. surplus or shortages of housing supply against demand) – should not be taken as an exact forecast of what will happen future years, primarily because they are based on a large number of assumptions that may or may not hold in the future. Such assumptions are dependent, among other drivers, on the housing policies that the Falkland Islands Government will choose to adopt in the future. Therefore, all projections presented must be considered only in light of their ability to reveal a number of trends that will unfold in the future if FIG does not take appropriate measures to reform current housing policies. These trends are part of the evidence base on which we have based the policy considerations and options presented in Chapter 7 **Error! Reference source not found.**

3 'Speculative' development is that which occurs ahead of expected future demand.

The FIG Development Plan Health Check 2019, produced by the Planning & Building Department, confirms that there is a minimum total land allocation capacity of up to 768 homes between 2015 and 2030, based on 8.6 dwellings per hectare (dph), the existing density at Sapper Hill. Even more housing could be accommodated if higher density development is pursued.

- **Housing quality.** In the 2016 Census only 1.7% of households in Stanley and 1.9% in Camp rated their housing as being 'not good'. By contrast 83% in Stanley and 76% in Camp rated their housing as 'good' (the highest rating). Notwithstanding, it is recognised that housing quality is variable in Stanley and Camp and particularly that some accommodation in the mobile home park is substandard. Some older FIG accommodation, particularly what are described as 'cabins', are in poor condition. In addition, public infrastructure such as roads in the mobile home park is not to the same standard as in other Stanley neighbourhoods.
- **Crowding.** There are reports of overcrowding in some housing units which reduces housing quality, as well as increasing safety risks. Reportedly, overcrowding is due to limited availability of suitable options, and possibly to some private sector employers attempting to minimise their costs to house lower wage foreign workers.

Rental housing market

The private sector has recently shown promising signs of mobilising to meet expected rental housing demand, and there have been a number of planning applications for multi-home development as well as new units being built. However, given the expected short-term population expansion, we project that there may still be a significant under-supply or rental accommodation in the short term, particularly if planned housing projects are delayed. We also note that private sector rents appear to be significantly higher than rents charged for equivalently sized FIG-owned housing and would be a challenge for some households.

In the medium to long term, in the absence of effective actions to encourage private sector supply or increase government capacity to deliver housing, there could be a continuing shortage of rental units, particularly in the affordable range. This in turn will further drive up housing costs and cost-of-living, decrease attractiveness of the Falkland Islands and make it more difficult to deliver services and to maintain the economy.

Home sale market

At any given time, there are few homes available on the resale market; this puts pressure on new home construction and on the continuous creation of new, serviced land for sale. This drives up bidding for serviced land when FIG makes it available for purchase, which can make it difficult for first time buyers to afford home ownership.

The constraints on both the resale market and serviced land also creates an artificial pressure on the rental market, as prospective home buyers who are able and willing to purchase, are forced to rent longer than they would like while amassing a down-payment, and then waiting, first to purchase land and then for housing construction to be completed.

Moreover, it appears that some older houses in the centre of Stanley are either uninhabitable and vacant, or in need of considerable renovation. Government does not currently have programmes or policies to encourage owners to rehabilitate this housing stock, or to demolish and create new, infill housing. These lots are already connected to services and could reduce some of the pressure to create new, serviced land; therefore improving these properties could provide a relatively rapid contribution to rental or resale housing supply, as well as reducing safety hazards and contributing to the attractiveness of Stanley's residential streets.

Affordability

- **Rental affordability.** FIG rental housing is provided at a significant discount to the private sector, but is insufficient to meet demand for either social or contractor housing. Rental housing in the

private sector is more expensive, but should still be affordable to the average 2-income household, based on median incomes observed during the Census. However, single wage earners would struggle to find affordable accommodation in the private sector. In addition, the gap between FIG rents and the private sector drives unwillingness of even those who can afford it to pay the perceived premium and leads to a perception that private sector rents are unreasonable. This leads to reports that some occupants of FIG social housing no longer 'require' subsidised housing, but remain there due to the gap between the two markets.

It is reported that some private sector landlords prefer to keep properties vacant in anticipation of future 'super-heated' demand. There are also anecdotal cases from the previous oil exploration campaign of existing rental agreements being terminated in order to re-let accommodations at higher rents. In the absence of government actions to regulate the private rental market and protect tenants, opportunistic landlord behaviour can be expected to continue.

- **Home ownership affordability in Stanley.** The evidence would suggest that home ownership is affordable, based on Standard Chartered Bank (SCB) established lending criteria⁴ and observed household incomes for most segments of the population. This is due both to house prices but, more importantly, to the low total tax burden enjoyed by Falkland Islanders. However, households earning below a median income of £30,000 would not meet the dual lending criteria.

Government home ownership support programmes have been popular and have contributed to an overall home ownership rate of 71% within the permanent population (2016). Government support includes both an opportunity to purchase FIG-owned and serviced land in Stanley at 25% of actual cost for new home owners⁵, and the Joint General Mortgage Scheme (JGMS), where FIG provides a guarantee to Standard Chartered for first time buyers, up to 95% of home value, or a maximum of £114,000. Although the data suggest that mortgage payments are affordable to most households, it should be noted that interest rates are significantly higher than those seen in other jurisdictions and there are only two mortgage products available.

Home ownership is primarily available to PRP or FI Status holders only; limited opportunities exist for others to obtain a license to hold land. There are also restrictions on the eligibility of non-permanent residents to access the JGMS.

- **Home ownership affordability in Camp.** Based on a report by the Falkland Islands Development Corporation produced for the Rural Development Group in November 2018 (*Camp House Building*), new home construction can cost as much as 30-45% more in Camp than a comparable house in Stanley. Camp households are eligible for both the Joint General Mortgage Scheme and the Variable Rate Mortgage Scheme, with similar rules as borrowers based in Stanley. However, the higher cost to build has the effect of increasing the minimum down-payment required for qualifying buyers and decreasing the proportion secured by the JGMS. In addition, all borrowers must demonstrate that their incomes will keep them within the maximum debt servicing ratio of 50% and must meet the purchase price criteria described above. Anecdotal evidence suggests that some prospective Camp buyers have difficulty assembling the required down payment and/or demonstrating sufficient income to qualify for a mortgage.

Policy priorities and options

In response to the issues identified in this report, we have highlighted seven policy considerations and a range of policy options to address each issue, as summarised in the following table. A more detailed discussion of the benefits and drawbacks of each option is provided in Chapter 7.

4 SCB lending criteria require both that monthly payments not exceed 50% of net monthly income and that the loan amount does not exceed 4 times annual gross income of the main income earner plus one time the annual gross income of the second borrower.

5 In practice, demand for serviced residential plots is higher than supply and there is considerable competition when new land is released for sale, with bids often far higher than the baseline FIG cost.

Summary of Policy Priorities, Options and initial Recommendations

Policy Priority	Policy Options	Recommended Options	
1. Insufficient supply of rental housing in Stanley	A. Reduce demand for rental accommodation		
	1.1	Provide further incentives for first time home ownership to move eligible households out of rental accommodation.	1.1(a) and (b) are recommended , including developing some areas at smaller plot sizes to set aside as additional capped price for lower income first time buyers 1.1(c) is recommended to provide additional paths to ownership for prospective first time buyers, free up rental accommodation and improve perceived fairness
	1.1(a)	Create and release more serviced plots for subsidized purchase, with option to create smaller lot sizes	
	1.1(b)	Set aside a higher percentage of each residential land release for qualified lower income first time buyers	
	1.1(c)	Provide equivalent incentives for first-time buyers purchasing in the resale market including in Camp	
	1.2	Relax restrictions on home ownership for work permit holders:	1.2(a) is recommended as an action to encourage permanent settlement and free up rental accommodation in the medium term
	1.2(a)	Allow managed access to house purchase with restrictions	
	1.2(b)	Provide managed access to house purchase for new arrivals, including purchase of serviced land for housing construction	
	B. Increase supply of rental housing		
	1.3	Provide incentives to existing property owners to improve vacant, partially complete or derelict properties and bring them into the rental market	1.3(a) is recommended as a first step. Bringing vacant houses into the rental or resale market can help to address short term rental pressures 1.3(b) is recommended as a second step to address property owners who do not respond to incentives
1.3(a)	Provide financial or tax incentives to bring vacant houses into the rental market		
1.3(b)	Impose penalties on property owners who maintain vacant or partially completed properties		
1.4	Increase pace and investment in FIG rental housing construction	Although this solution is desirable, there are limitations in construction sector capacity that will limit ability to deliver	
1.5	Change the mix of rental housing to include more multi-unit buildings	Recommended as a medium-term solution particularly for single person/couple accommodation	
2. Affordability of rental housing in Stanley	2.1 Provide incentives for private affordable housing		
	2.1(c)	Provide loan guarantees to help local firms raise financing for affordable housing development.	2.1(b) is provisionally recommended pending consultation with the private sector to ensure that proposed tax incentives would be meaningful and result in action 2.1(a) has demonstrated success in other jurisdictions and is recommended for further study and consultation
	2.1(c)	Provide tax incentives, through accelerated depreciation, for new construction or renovation of existing buildings	
	2.1(c)	Sale of serviced land at reduced cost for affordable housing development only	
	2.2	Implement rent controls	
	2.3	Use the welfare benefit system to help eligible low income households to meet the cost of rent and other necessities	This action is being implemented as part of welfare reforms
	2.4	Increase the FIG local housing pool and set aside a portion specifically for lower income households	Recommended

Policy Priority	Policy Options	Recommended Options
3. Affordability of home ownership in Camp	3.1 Increase the JGMS cap for first time home buyers in Camp	Recommended
4. Affordability of home ownership for lower income residents	4.1 New home buyer saving scheme	Recommended
	4.2 Sale of older FIG properties to low income buyers or existing tenants at cost recovery	Provisional recommendation , provided concurrent capital budget commitment to replace sold-off units with new rental stock
	4.3 FIG low income rent-to-buy scheme	Further study is required, as this could be beneficial but would be administratively complex. A pilot project is recommended
5. Housing quality and suitability	5.1 Implement a moratorium on caravan/mobile home parks and improve standards in existing homes	5.2 Recommended
	5.2 Allow some additional caravan homes, but implement standards for basic construction, energy efficiency and safety	
6. Security of tenure	6.1 Implement landlord & tenant protection regulations	Recommended as a voluntary code of practice to be adopted by landlords – as a first step
7. Completeness of information on Falkland Islands housing stock	7.1 Develop a comprehensive property register for all houses in the Falkland Islands	Recommended
	7.2 Implement a mandatory, annual rental housing survey	

1. Assumptions and methodology

Key findings

- The combination of an expected continued increase in labour requirements driven by economic growth, and the demographic aging of the current permanent population, will result in increasing demand for foreign workers. In the absence of programmes and measures to encourage work permit holders to take up permanent residence and ultimately Falkland Island status, the result will be an increase in the percentage of temporary residents in the total population. This has implications for type, size and ownership of housing and informs the policy decisions required.
- Our housing demand projections do not include the short-term housing needs for an expected short-term workforce surge, which is assumed will be met by transient, largely unaccompanied foreign workers. This short-term increase in construction workforce could occur between 2020 and 2024, should the Sea Lion project be sanctioned and all planned government infrastructure projects go forward. It is expected that these temporary workers will be accommodated in special-purpose temporary accommodation, and therefore will not affect demand for permanent housing.
- Evidence on the size and characteristics of the housing stock in the Falkland Islands was mostly derived from data in the last Falkland Islands Census (2016); additional information has been obtained from other unpublished sources, including FIG databases kept by PWD Housing, Planning and Building, and Treasury. Based on this information, we observe:

Houses – and, in particular, detached houses – are the most common type of housing units in the Falkland Islands (88% of the total), while apartments in flats and mobile homes represent 12% of the total.

75% of all housing units in the Falkland Islands were older than 10 years in 2016, including 37% older than 30 years; 15% of the total were less than 6 years of age.

Nine percent of total occupied housing units were single bedroom, with 31% 2 bedroom units and 58% having 3 bedrooms or more.

Only 28% of single-person households in the temporary population live in a 1-bedroom housing unit, with 51% living in a 2-bedroom and 19% in a 3-bedroom home; we interpret this apparent over-housing as partly caused by the scarce availability of 1-bedroom housing units overall.

In 2016, 57% of all Falkland Islands households owned their home, with the remainder renting their accommodation or occupying it free of rent. However, there is a significant split between the temporary and permanent population: 71% of permanent residents own their home; home ownership is 8% for the temporary population.

Household and housing projections included in this paper are based on the outcomes of a population growth model developed in June 2018 by the FIG Policy and Economic Development Unit, which aimed at projecting population growth in the Falkland Islands under a number of scenarios and based on a number of assumptions. The model is regularly updated as new information becomes available and projections reflect all data available to December 2019.

The methodology, assumptions, and results of the population growth model have been extensively described in the paper ‘Socio-economic impacts of oil & gas development in the Falkland Islands. Employment and population growth. A wider perspective’ (October 2019) prepared by the FIG Policy and Economic Development Unit.

1.1. Population projections

The population growth model covers a time horizon of 20 years, including:

- 2016: the base year;
- 2017-2035: the projected years.

In the model, forecasts of total population growth result from the layering up of a number of population categories:

1. core population growth;
2. population growth driven by oil & gas development;
3. population growth driven by the planned Islands infrastructure requirements; and
4. population growth driven by further economic development enabled by oil & gas development and infrastructure construction.

Population forecasts have been developed with reference to a number of population categories and time horizons. The following population categories are considered:

- Permanent population: Falkland Islands status holders and Permanent Residence Permit (PRP) holders;
- Temporary population: Work Permit holders (and their dependents) and people belonging to other immigration categories.

For the purposes of this forecast, the following time horizons are considered:

- Last Census: end of 2016;
- Current time: end of 2019;
- Immediate growth: end of 2022;
- Short term growth: end of 2025;
- Long term growth: end of 2035.

The model forecasts total population to grow from 2,843 in 2016 to 4,024 in 2035, at an average rate of growth of 1.9% per year (i.e. 63 people per year), as shown in the next table and figure.

Figure 1: Population growth projections

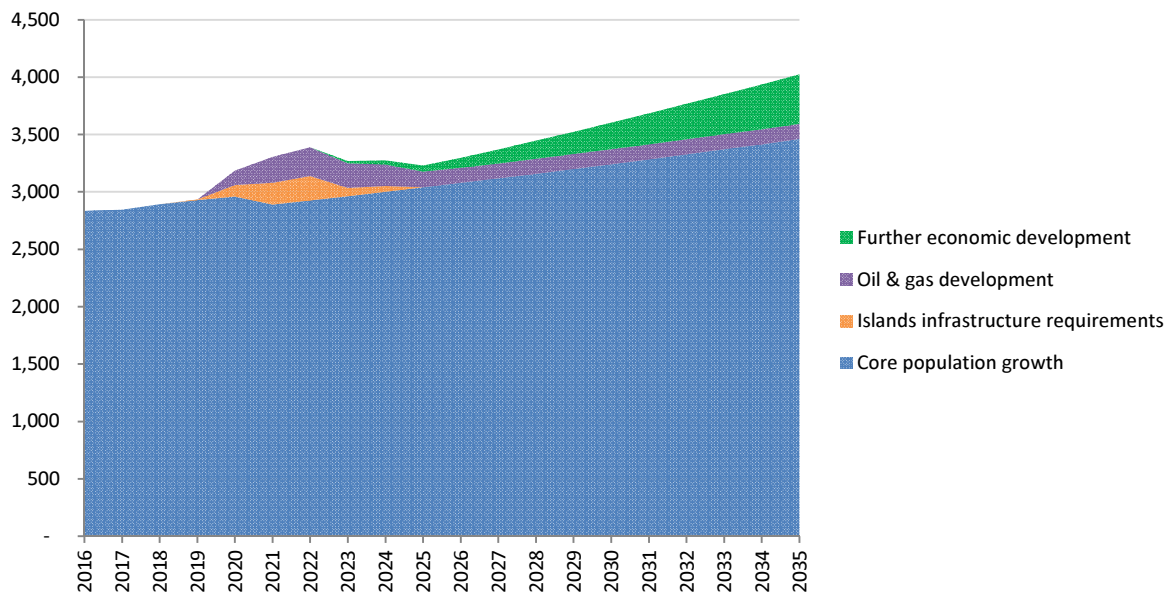


Table 1: Projections of workforce and population growth

	Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035
Core population growth	2,834	2,928	2,926	3,039	3,462
Oil & gas development	-	-	251	137	131
Islands infrastructure requirements	-	5	212	-	-
Further economic development	-	-	-	53	431
Total population	2,834	2,933	3,389	3,229	4,024

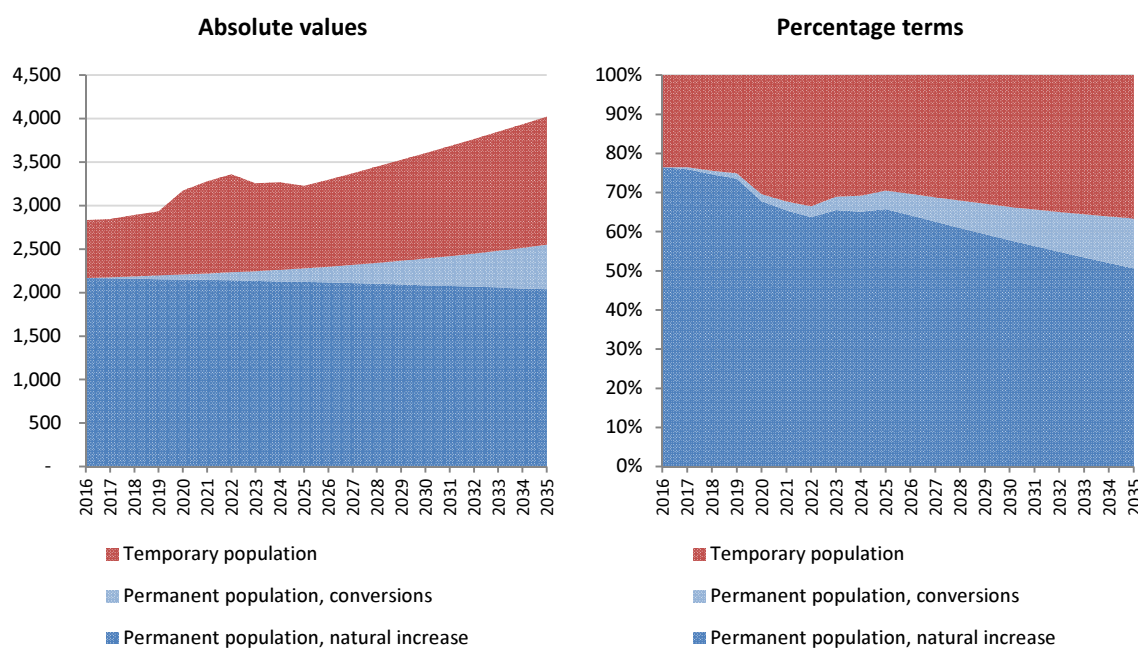
Figure 2 show our population projections with a breakdown by permanent population and temporary population, as well as the proportion of temporary population over total population. These projections are those under ‘Condition 1’ in the report ‘Socio-economic impacts of oil & gas development in the Falkland Islands. Employment and population growth. A wider perspective’ (October 2019), defined as following:

- **Condition 1:** conversion rates from temporary population to permanent population are assumed to remain at current levels – where ‘conversion rates’ were defined as a measure of the percentage of individuals moving from the temporary population pool to the permanent population pool.⁶

Currently, about 23% of the Falkland Islands population can be classified as temporary. Without a concerted effort to encourage individuals to stay and take up permanent residence and ultimately Falkland Island status, this percentage is set to increase to about 35% over the long run.

All households and housing projections in this paper are based on population projections under ‘Condition 1’.

Figure 2: Population projections, permanent vs. temporary population

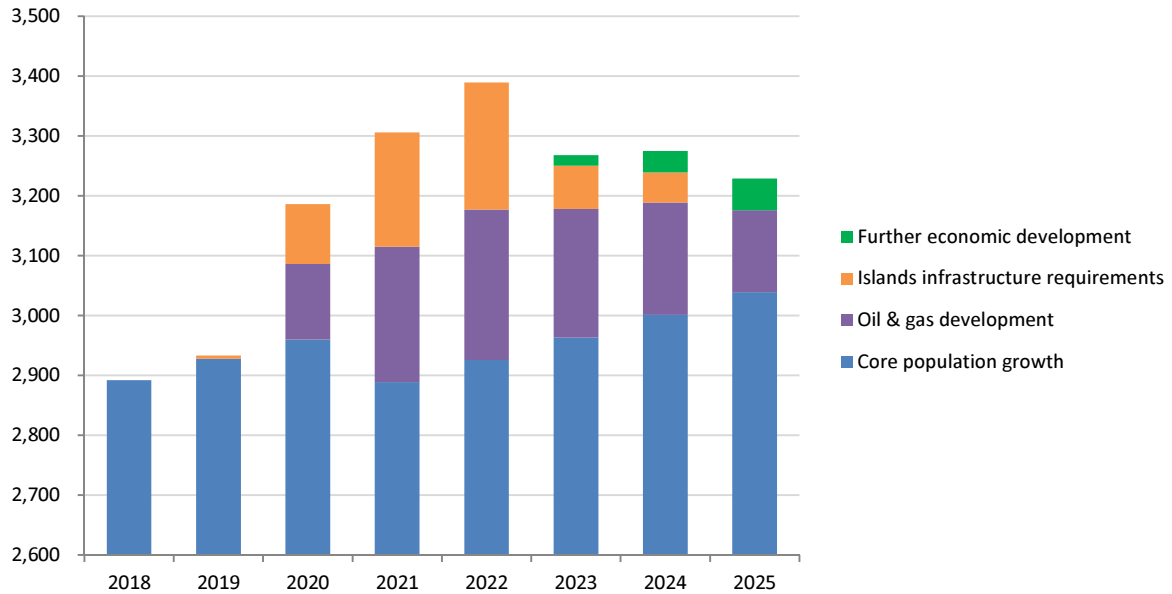


⁶ ‘Condition 1’ was opposed to ‘Condition 2’ which assumed conversion rates to increase to such an extent that the share of temporary population over total population was the same in 2035 as in 2016.

1.1.1. Short-term surge in transient population

Should the Sea Lion project be sanctioned in early 2020, we expect oil construction activity to contribute to a temporary population surge, likely beginning in late 2020 and continuing to the end of 2024. This period of increased activity is expected to coincide with planned FIG construction of the new port, power station, air terminal, housing, vulnerable persons facility and other essential infrastructure. During this period, there will be a significant influx of temporary trades, services and support personnel.

Figure 3: Population growth projections, short term (2018-2025)



At the peak, expected approximately in years 2-4 of the Sea Lion campaign, there could be as many as 400 temporary workers involved in the construction of infrastructure (Figure 3). Most of this workforce will consist of transient (fly-in, fly-out) unaccompanied workers, for whom temporary housing facilities will be made available. However, a number of workers may remain in the Falkland Islands for the duration of the construction work and might then choose to bring their families; this accompanied workforce would have similar housing requirements as other residents in the contractor (temporary) population.

Premier Oil also envisages that a number of contractors will be required to cover managerial and other medium- to long-term positions. These contractors and their housing requirements have also been reflected in the population and housing demand projections.

For the purposes of this paper, we have estimated a split between:

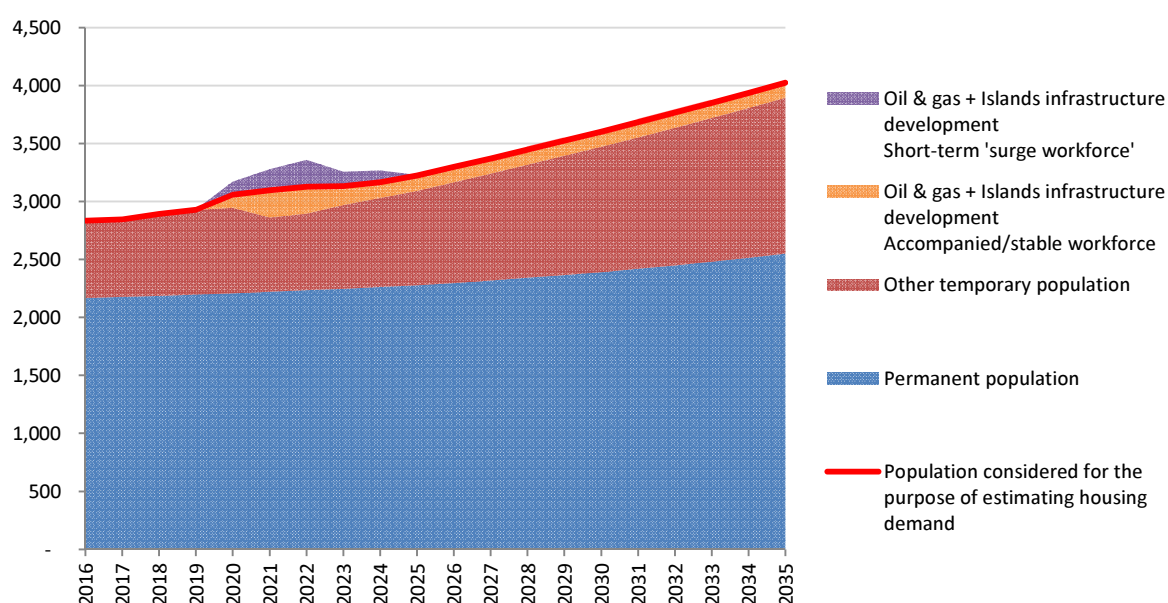
- the short-term 'surge workforce' (defined as transient, unaccompanied workers accommodated in special-purpose temporary accommodation);
- the stable and accompanied workforce related to oil & gas as well as delivery of FIG-funded capital projects (including FIG officers required to regulate and support oil development); and
- other temporary residents, defined as temporary population net of population included in points a. and b. above.

Table 2: Temporary population, 2019-2026

		2019	2020	2021	2022	2023	2024	2025	2026
Oil & gas + Islands infrastructure development	Short-term 'surge workforce'	3	115	182	233	124	104	6	-
	Accompanied / stable workforce	2	111	235	230	163	134	131	131
Other temporary population		730	739	640	662	723	768	815	869

Households and housing demand projections are based on the sum of 'Permanent population', and 'Oil & gas + Islands infrastructure development – Accompanied / stable workforce' and 'Other temporary population' in Figure 4.

Figure 4: Population growth projections, permanent vs. permanent population



1.2. Available evidence and data on housing

Evidence on the size and characteristics of the Falkland Islands housing stock was mostly derived from the 2016 Falkland Islands Census (2016 Census); additional, limited information was obtained from other unpublished sources, including databases held by FIG PWD Housing and by FIG Planning.

1.2.1. Housing units occupied on census night

The 2016 Census collected data on the type and location of housing units occupied on Census night. However, this data included occupied housing units only, and do not provide any information on unoccupied housing units. Therefore, this data cannot be taken as a reference for total housing stock in the Falkland Islands.

Table 3 includes information on the breakdown of occupied housing units by type. Houses – and, in particular, detached homes – are the most common type of housing in the Falkland Islands (88.4% of the total). Housing units in flats represent 6.5% of the total, while mobile or temporary structures account for 5.0%.

Table 3: Housing units (occupied on census night) by type of housing unit and location, 2016

	Total	Total, %	Stanley	Stanley, %	Camp	Camp, %
Total	1,189	100%	1,026	100%	163	100%
House	1,051	88.4%	900	87.7%	151	92.6%
Detached house	862	72.5%	718	70.0%	144	88.3%
Semi-detached or terraced house ⁷	188	15.8%	181	17.6%	7	4.3%
Unspecified	1	0.1%	1	0.1%	0	0.0%
Flat	77	6.5%	73	7.1%	4	2.5%
Mobile or temporary structure	60	5.0%	52	5.1%	8	4.9%
Unknown	1	0.1%	1	0.1%	0	0.0%

⁷ A 'semi-detached house' is defined as a dwelling that shares one common wall with the next house. A 'terraced house' shares a wall on both sides (i.e. one of a row of similar houses joined together).

Table 4 includes information on the age of housing units, with a breakdown by type. 74.5% of all housing units in the Falkland Islands in 2016 were older than 10 years (including 37.3% older than 30 years); while ca. 15% of homes were less than 6 years old.

Table 4: Housing units (occupied on census night) by type of housing unit and age, 2016

	Total	House	Flat	Mobile	Unknown
Total	1,189	1,051	77	60	1
0-5 years	14.9%	14.6%	6.5%	31.7%	0.0%
6-10 years	8.8%	8.2%	14.3%	13.3%	0.0%
11-30 years	37.2%	35.3%	54.5%	48.3%	0.0%
>30 years	37.3%	40.2%	20.8%	6.7%	0.0%
Unknown	1.9%	1.7%	3.9%	0.0%	100.0%

With respect to FIG houses only, the breakdown by age⁸ is as follows:

0-5 years	16.8%
6-10 years	13.5%
11-30 years	42.4%
>30 years	27.3%

Table 5 provides a breakdown of the housing stock in 2016 by number of bedrooms. Most houses have three or four bedrooms (respectively, 40.7% and 29.8% of all houses), while 1-bedroom houses accounted for 4.1% of the total; most housing units in flats have one (50.6%) or two bedrooms (37.7%); mobile homes generally have two (51.7%) or one bedroom (38.3%).

Table 5: Housing units (occupied on census night) by type and number of bedrooms, 2016

	Total	House	Flat	Mobile	Unknown
Total	1,189	1,051	77	60	1
1	9.1%	4.4%	50.6%	38.3%	0.0%
2	31.4%	29.8%	37.7%	51.7%	0.0%
3	36.8%	40.7%	6.5%	8.3%	0.0%
4	15.0%	16.9%	0.0%	0.0%	0.0%
5 or more	6.0%	6.5%	2.6%	1.7%	0.0%
Unknown	1.8%	1.7%	2.6%	0.0%	100.0%

The following table provides information on the breakdown of the housing stock by tenure. In 2016, 57.2% of Falkland Islands households owned their homes (32.7% owned outright, while 24.5% owned with a mortgage). 31.8% of all households rented their accommodation, while 9.2% occupied it free of rent.

Table 6: Housing units (occupied on census night) by type and tenure, 2016

	Total	House	Flat	Mobile	Unknown
Total	1,189	1,051	77	60	1
Owned ⁹	57.2%	62.7%	1.3%	33.3%	0.0%
Rented or occupied free of rent	41.0%	35.6%	94.8%	66.7%	0.0%
Unknown	1.9%	1.7%	3.9%	0.0%	100.0%

⁸ Data updated in October 2019.

⁹ Either owned outright or owned with a mortgage.

2. Affordability

Key findings

- On Census night (2016) the average monthly home mortgage payment amounted to £475. Further analysis of data relating to all Joint General Mortgage Scheme (JGMS) home mortgages subscribed between 2015 and July 2019, revealed an average monthly payment of £650. This is likely due to higher costs for homes built or purchased as re-sales in the latter period.
- On Census night (2016) the average reported monthly rent was £534; this figure included both FIG houses and private market rents, with FIG houses representing approximately 80% of the total sample. Our estimates show that in 2016, FIG rents averaged ca. £430, while the average private market rent was ca. £725. In 2019, FIG rents currently average £450 per month (white goods hire fee included, service charge excluded). At the same time, based on limited information available on current private market rental rates, we estimate that the current average for a 2-bedroom home (all types) is between £750 - £1000, with larger houses renting between £1,000 - £1,800 depending on size and quality.
- Using standard measures of affordability, private sector rental rates are not affordable for many households in the Falkland Islands. Even if higher take-home pay is taken into account, higher rental costs mean that it is more difficult to save for a down payment on a first home.

The 2016 Census includes a number of tables that are useful to assess housing affordability. This data has been integrated with information from a number of additional sources, including FIG Treasury data on the Joint General Mortgage Scheme, as well as FIG PWD Housing data on FIG housing rents.

Rent affordability is typically defined as shelter costs of 1/3 of total household pre-tax income¹⁰. This ratio assumes an average overall tax burden of around 35-40%, including income, payroll, council and consumption taxes. It is worth noting that the total individual tax burden in the Falkland Islands is between 11%-23% (dependent on income), as the government imposes only income tax and pension contributions, with a generous exemption and only 2 tax brackets. Excise tax is only levied on alcohol and tobacco. The low tax burden, coupled with free-to-user health care and education, means that Falkland Islanders retain more after-tax income than their counterparts in most OECD countries.

With respect to mortgages, the FIG-backed Standard Chartered Bank Joint General Mortgage Scheme allows qualified households to obtain mortgages up to a Debt Service Ratio of 50% of net (after tax) income.

Table 7 illustrates affordability at various income levels, for single and dual income households. Notwithstanding relatively high median and average incomes, there will always be a small segment of the population requiring what can be defined as 'social housing'¹¹ – including vulnerable adults, pensioners with no additional sources of income, single parents earning the minimum wage and individuals unable to work full time.

10 See, for example: Chartered Institute of Housing (2013). Perspectives on Rents and Affordability in Scotland. Other definitions of affordable rent suggest a level that is 80% of market rent – however, this does not work in a tight housing market where market rents may far outstrip incomes.

11 Social housing is housing provided for people on low incomes or with particular needs by government agencies or non-profit organizations – rents are typically geared to income and set much lower than “affordable rents”, and houses are allocated on the basis of need.

Table 7: Affordability levels – single/dual wage earners

	Annual income			Monthly income		Accommodation affordability (rent/mortgage)	
	Gross	Total tax + RPC	Net (after tax)	Gross	Net	1/3 of gross income	50% of net income
A. Single wage households							
Pensioner	£7,500	0	£7,500	£ 625	£ 625	£208	£312
Minimum wage (40 hour week @ £7.03)	£14,622	0	£14,622	£1,219	£1,219	£406	£609
Median income (2016 Census)	£22,500	£2,498	£20,002	£1,875	£1,667	£624	£833
Average income (2016 Census)	£26,352	£3,455	£23,077	£2,196	£1,923	£731	£962
Indicative salary	£35,000	£5,523	£29,477	£2,917	£2,456	£971	£1,228
B. Dual wage households (65/35 split)							
2x minimum wage	£29,245	0	£29,245	£2,437	£2,437	£811	£1,219
2x median income	£45,000	£4,996	£40,004	£3,750	£3,334	£1,248	£1,667
2x average income	£52,704	£6,997	£45,727	£4,392	£3,811	£1,462	£1,905
2x indicative salary	£70,000	£11,141	£58,954	£5,833	£4,902	£1,942	£2,451

2.1. Mortgages

There are currently two home mortgages schemes available from the Standard Chartered Bank in Stanley, described in Table 8. Joint General Mortgage Scheme (JGMS) mortgages currently represent about 90% of outstanding mortgages.

Table 8: Available home mortgage schemes

	Joint General Mortgage Scheme	Standard Variable Rate Mortgage
Availability	Scheme for first residence buyers only	Available for primary residence as well as second homes or investment properties
Guarantees	Backed by the Falkland Islands Government	Not backed by the Falkland Islands Government
Interest	Fixed interest rate of 7% for up to 25 years	Variable interest rate
Max financing rate	Up to 95% financing	Up to 75% financing
Borrowing limit	Max loans of £114,000	No maximum borrowing limit

Figure 5 provides a comparison of the monthly repayment costs for home mortgages in 2016 and 2019¹². While the 7% fixed interest rate is high by international standards, there are no mortgage products in the UK that offer 25 year locked-in rates with a 5% down-payment, and only a few that offer 15-year rates with a 10% down-payment and high penalties for early repayment¹³.

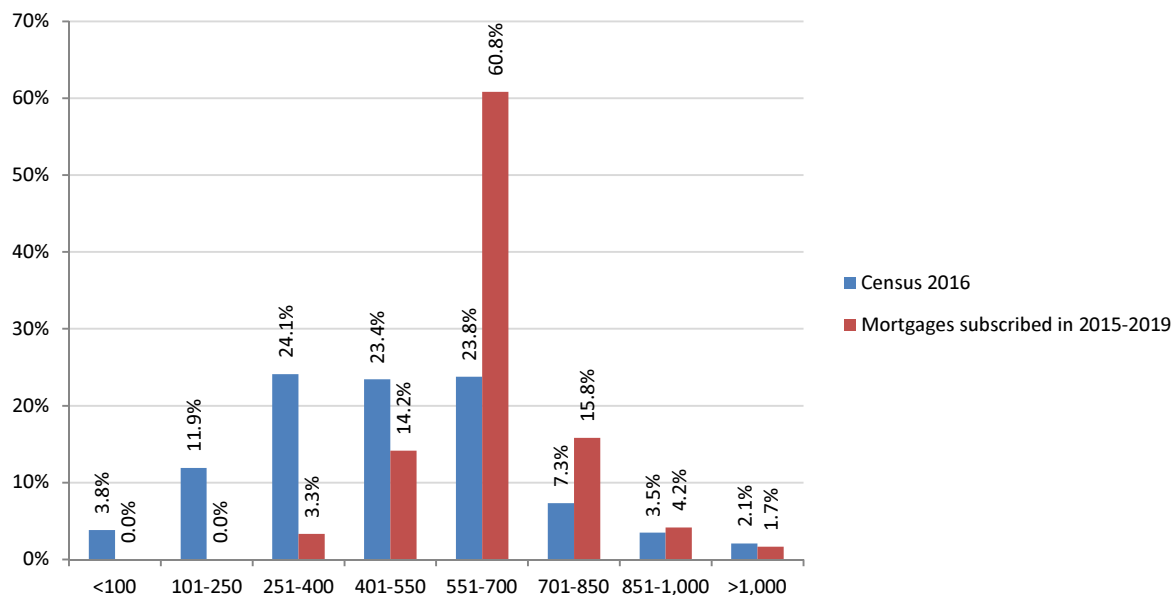
In 2016 both the average and median monthly repayment for a home mortgage amounted to £475. With respect to JGMS home mortgages subscribed between 2015 and July 2019, we found the average monthly repayment to be £651 and the median figure to be £671; the majority of this sample (61%) had monthly payments between £551 - £700. This is likely due to the higher cost of homes built or purchased in recent years.

A 25-year mortgage of \$114,000, the maximum available under the JGMS, would have a mortgage payment of £805 per month.

12 '2016' figures refers to a sample of 291 outstanding home mortgages on Census night, as recorded by the 2016 Census; '2019' refers to a sample of 120 Joint General Mortgage Scheme mortgages subscribed between 2015 and July 2019 (source: FIG Treasury).

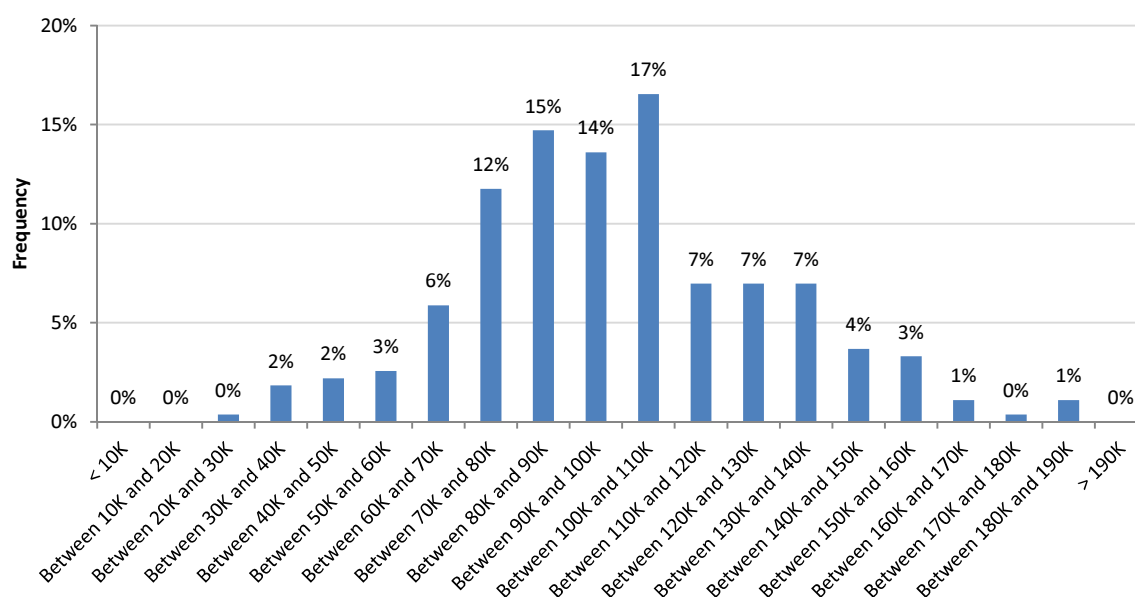
13 For example, at 28-01-2020, Virgin Money offered a 15-year fixed rate mortgage for 90% loan-to-value at an interest rate of 2.75%. Early repayment penalties of 8% in the first five years, reducing over time.

Figure 5: Monthly mortgage cost (percentage of total), Census 2016 vs mortgages subscribed in 2015-2019



When looking to JGMS home mortgages subscribed between 2015 and July 2019, we found housing units valued between ca. £20,000 and ca. £190,000, with an average valuation of ca. £100,000 and a median of ca. £94,000 (further information on the frequency distribution of mortgage valuations is shown in Figure 6).

Figure 6: Joint General Mortgage Scheme mortgage valuations (mortgages subscribed between 2015 and July 2019)



2.2. Rents

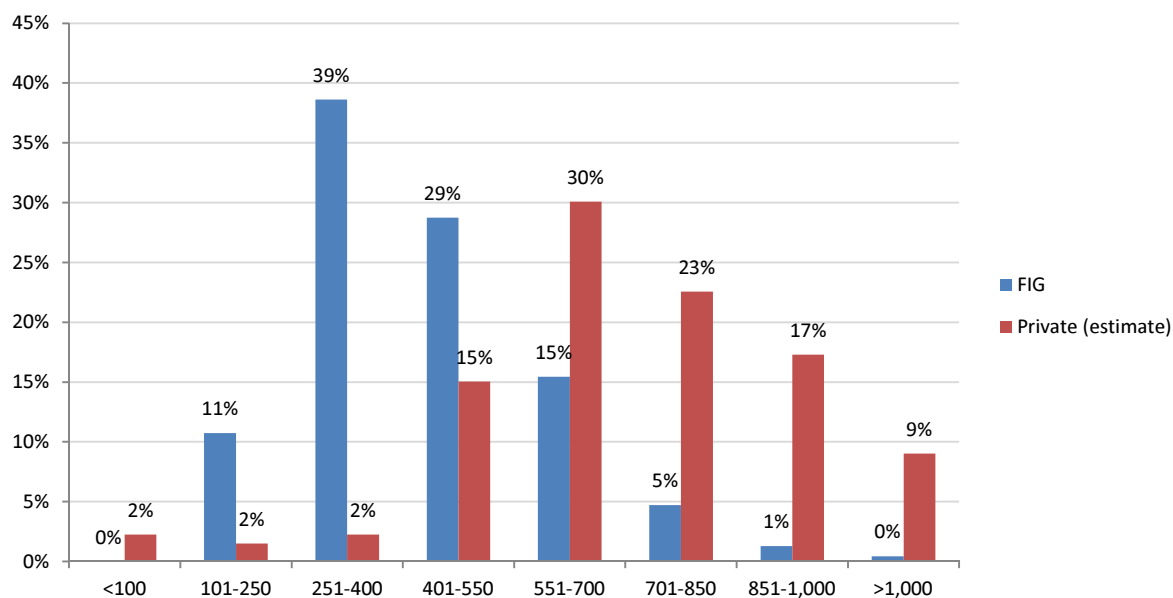
The 2016 Census includes self-reported data on housing rent payments. In 2016, the average reported monthly rent for all types of units was £534, while the median was £475. Houses were the most expensive, with average rents of £577 and a median of £625, while mobile homes were the least expensive, at an average rent of £349 and median of £325.

In 2016, FIG was the primary landlord, with ca. 310 housing units rented (or ca. 80% of the total). Based on FIG Treasury data on FIG rental rates in 2016, we have estimated a breakdown of rental rates in the private sector on Census night. Our estimates are shown in Figure 7, and highlight that

rents in the private sector tended to be distributed toward the high end of the spectrum (with 79% of them being higher than £550), while FIG rents were mostly distributed in the lower end (with 79% of them being lower than £550).

While the average monthly FIG rent in 2016 was £432, we estimate that the average monthly rent in the private market was between £700 and £750.

Figure 7: Monthly rent for housing units in the FIG pool and in the private market, 2016



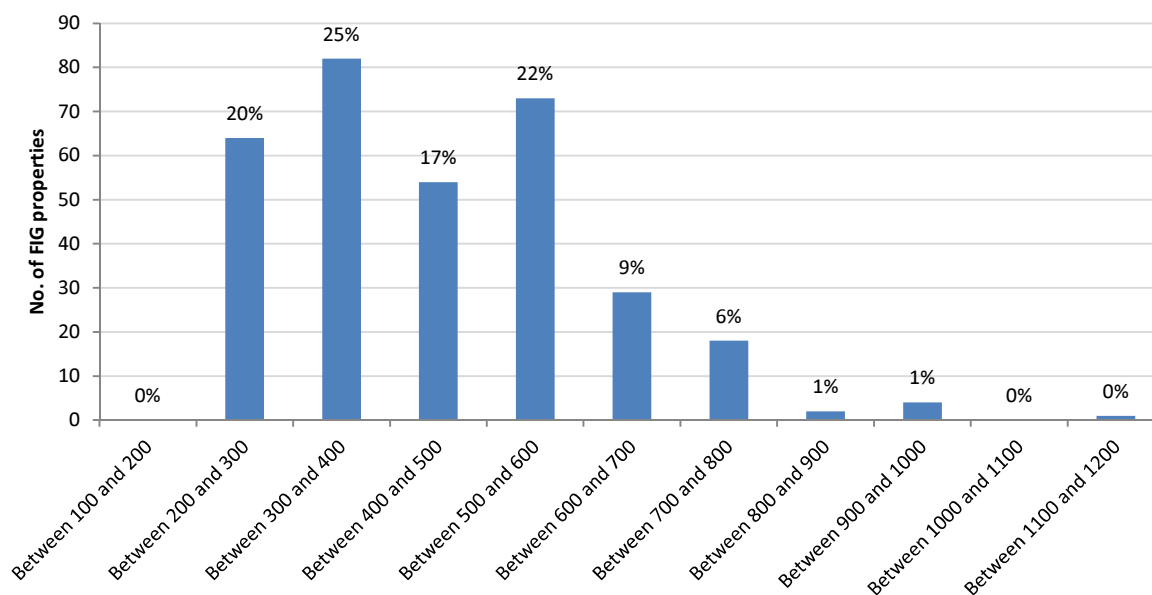
More recent data was used to estimate 2019 rental rates. In July 2019, the FIG housing pool included ca. 325 houses. The following chart provides a split of the number of FIG houses by rent bracket. The average rent is £450 per month, while the median figure is £414 per month (white goods hire fee included¹⁴, service charge excluded). Slightly more than half of all FIG housing is designated for the 'local' population, including sheltered housing, with the remainder designated for FIG contract employees.

There is only limited information available about current private market rental rates; however, our analysis suggests there has been a significant increase private sector rental rates in 2019. Based on the cost to FIG to rent in the private market, we estimate the current average for a 2-bedroom house or flat is £750 to £1000, with larger houses renting from £1,200 to £1,800 (averaging £1,500). This estimate is corroborated by rental rate data received from one private sector landlord.

Following standard measures of affordability described above, private sector rents for 2-bedroom units could be unaffordable for households earning less than £30,000 per year, while rental rates for larger homes are only affordable to households earning £45,000 and above – most likely dual income.

14 White goods are hired in about 35% of FIG houses.

Figure 8: Monthly rent for a FIG house, July 2019



2.3. Fuel costs

Calculations of accommodation affordability typically include average monthly energy costs. Monthly median household running costs for fuel were reported in the last Census as detailed in the following table.

Table 9: Monthly median household running costs for fuel, 2016

Median monthly household cost (2016 Census)	Stanley	East Falklands	West Falklands	Outer Islands
Heating fuel	£110	£90	£110	£90
Electricity	£50	£30	£50	£90
Cooking fuel	£17.50	£17.50	£17.50	£41.25

3. Housing demand projections

Disclaimer

Housing demand and supply projections – as well as projections of the gap between demand and supply (i.e. surplus or shortages of housing supply against demand), should not be taken as an exact forecast of what will happen future years, primarily because they are based on a large number of assumptions that may or may not hold in the future. Such assumptions are dependent, among other drivers, on the housing policies that the Falkland Islands Government will choose to adopt in the future. Therefore, all projections presented must be considered only in light of their ability to reveal a number of trends that will unfold in the future if FIG does not take appropriate measures to reform current housing policies. These trends are part of the evidence base on which we have based the policy considerations and options presented in Chapter 7.

Key findings

- With two notable exceptions, estimates have been based on assumptions reflecting the prevalence recorded in the 2016 Census for each household type.

The first exception is that we assume that a proportion of people currently living in non-nuclear households (a category including extended families, family nuclei living with other unrelated persons, house shares and staff housing) may be ‘forced’ to be in that household configuration due to the lack of availability or affordability of appropriate alternative housing, and would normally prefer to live in a different configuration, if suitable housing was both available and affordable.

The second exception is that we assume that one-person households in the temporary population would normally generate higher demand for 1-bedroom housing units. We believe the observed incidence of single work permit holders living alone (i.e. one-person household) in multi-bedroom houses is largely due to a shortage of 1-bedroom units.
- We expect total housing demand (including demand for second homes) to grow from 1,455 in 2019 to 1,945 in 2035.
- Based on analysis of additional housing demand by type of housing, we estimate that, in the long term, there will be an increasing requirement for semi-detached or terraced houses (25% of total additional demand, compared to 16% of demand in 2016) and apartments in flats (10% against 7%), and a lower demand for detached houses (59% against 71%). This is primarily due to the need to accommodate an expected increasing number of unaccompanied contractors in the population.
- We expect total demand for new rental units to increase by 328 over the forecast period. In other words, we expect that 71% of the total increase in households will require rental accommodation; this compares to the 2016 census data, which showed only 44% of households in rental units.
- With respect to housing configuration, we estimate that in the long term, there will be a higher need for 1-bedroom (19% of total additional demand, compared to 13% of demand in 2016) and 2-bedroom housing units (33% against 30%). The requirement for new 3 bedroom housing is expected to be lower (31% of total additional demand, compared to 36% of demand in 2016), as is demand for houses with 4 or more bedrooms (18% against 21%).
- We note that forecasts of household configurations are based on current immigration and residency patterns. Changes in immigration policy to encourage permanent settlement would be expected to result in changes to household configuration in favour of more family units.

To estimate future housing demand two steps are required:

1. Starting from the projections of population growth, the first step requires developing estimates of the future number of households, by population category (permanent vs. temporary population), household configuration (one-person households, couples with or without children, and non-nuclear households), and household size (defined by the number of people in each household).
2. Starting from the projections of growth in the number of households, the second step requires developing estimates of the future demand of housing units.

3.1. Household projections

The main assumptions adopted to estimate the future number of households have been based on the population projections presented in the paper *'Socio-economic impacts of oil & gas development in the Falkland Islands. Employment and population growth. A wider perspective'* (October 2019) as summarised in Chapter 1.

3.1.1. Assumptions

The 2016 Census collected data on a number of household configurations:

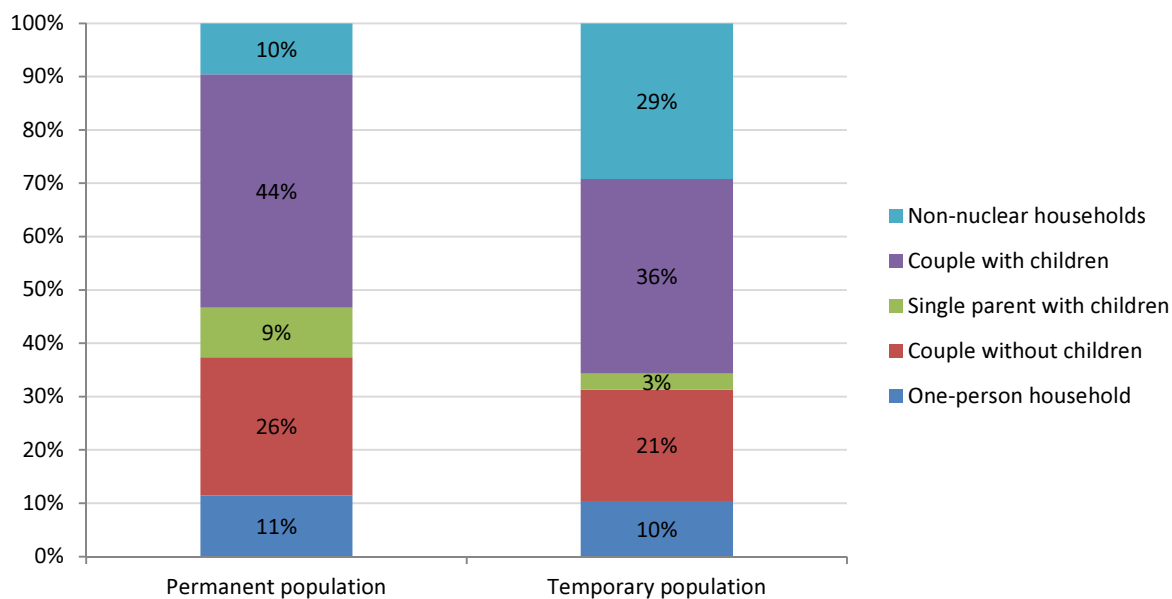
One-person household	
Nuclear household	Couple with children
	Couple without children
	Single parent with children
Non-nuclear household ¹⁵	

To estimate housing requirements, we have aggregated the categories 'Couple with children' and 'Single parent with children' into a single category ('Nuclear household with children') as both configurations are characterized by similar housing needs.

Figure 9 provides data on the share of population living in each household configuration on Census night, by population group (i.e. permanent population vs. temporary population).

¹⁵ Non-nuclear households include: a single family nucleus and other persons; two or more family nuclei; other non-nuclear households; and communal households.

Figure 9: Population in households by population category and household type, Census 2016



We have assumed these relative proportions will remain the same in the future for all household configurations, with the exception of 'Non-nuclear households'. This configuration refers to a number of different cases, including:

- Communal households, e.g. YMCA, Stanley House;
- B&B and lodges;
- Extended families, i.e. families that extend beyond the nuclear family, that might consist of one or both parents, children, aunts/uncles, grandparents, grandchildren, and/or cousins, all living in the same household;
- A single family nucleus plus other unrelated persons (such as a friend or a lodger), or two or more family nuclei living in the same household;
- Houseshares, including staff housing.

Based on an analysis of 2016 Census data, it appears that around 50% of non-nuclear households in the permanent population were extended families; conversely, the large majority of non-nuclear households in temporary population (around 75% of the total) could be classified either as staff housing or houseshares.

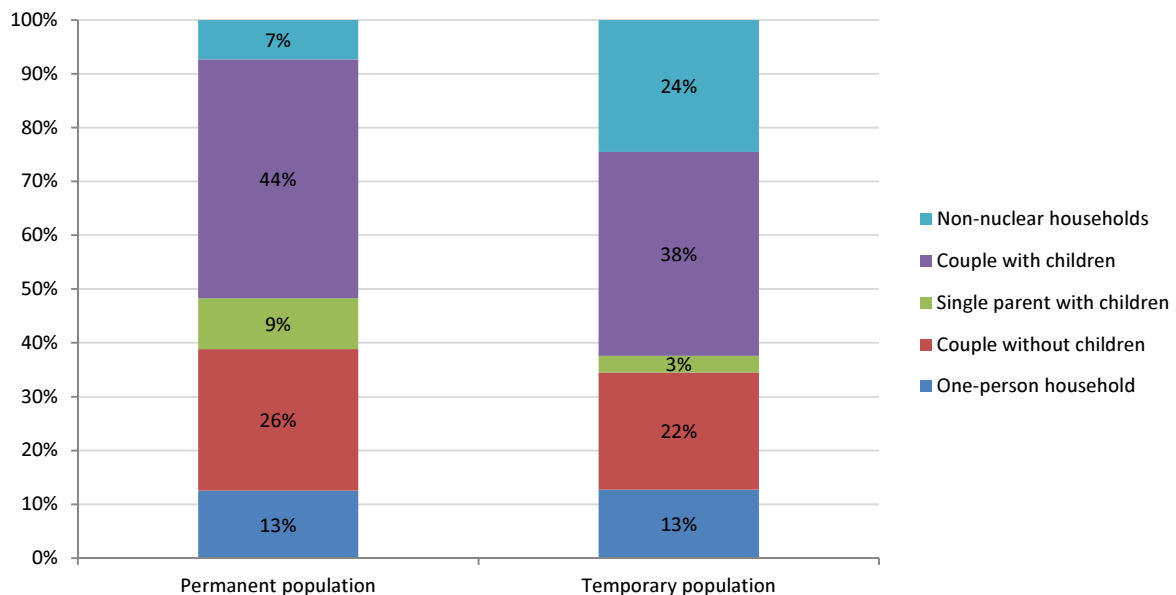
We have assumed that some people in non-nuclear households choose or prefer this arrangement (e.g. extended families including an older member of the family, friends sharing a house, etc.), or are in short-term employment where staff housing is appropriate. However, others may be in non-nuclear households primarily due to lack of availability or scarce affordability of appropriate housing (e.g. some adult children currently living in their parents' home, some temporary workers in houseshares, etc.).

To take these considerations into account, we have made the following assumptions:

- a. One fifth of extended families, one third of households including one family nucleus plus one or more unrelated persons, and one third of houseshares (excluding staff housing) are 'forced' to live in a non-nuclear household and their preference for a different household configuration is constrained by unavailability of suitable alternative housing. These shares should be allocated to a different household configuration when estimating the 'demanded' / preferred breakdown.
- b. 50% of people living in households described above are allocated to the 'one-person household' configuration, while the remaining 50% are split among the other three configurations (single parent with children, couple with children, couple without children) according to the relative proportion of these configurations as recorded by the last Census.

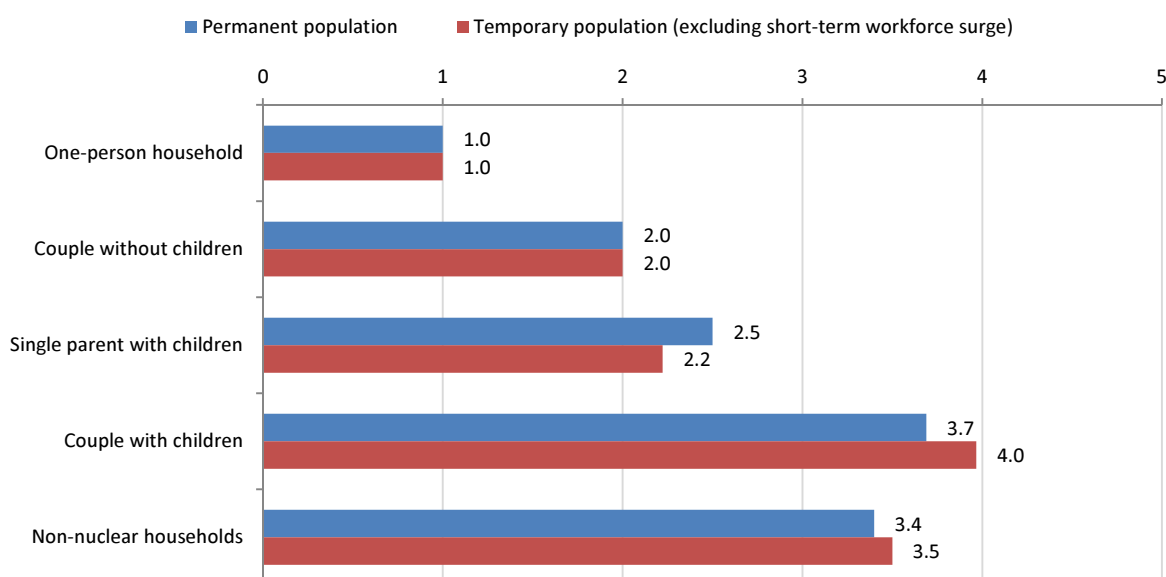
From these steps, a new breakdown follows (shown in Figure 10 below) which has been adopted as assumptions in the model, for the purpose of estimating households. It must be noted that such assumptions (and all resulting projections) do not represent a forecast of the household breakdown that will prevail in the future – as the current constraints that ‘force’ a share of the population to live in non-nuclear households may continue to hold in future years. Rather, they are representation of the ‘demanded’ (i.e. preferred) breakdown and household configuration split over all the considered time horizons (at 2016 Census, current, and in the future).

Figure 10: Population in households by population category and household type, assumptions



The following figure provides data on the **average household size**, by population group and household configuration (source: Census 2016). We assume this breakdown will remain the same in the future.

Figure 11: Average household size by population category and household type, 2016



In the following pages our projections of the future breakdown of population by household configuration, as well as of the future number of households are presented.

3.1.2. Population in households

Based on the assumptions on the percentage weight of each household configuration over total population, described in Figure 10 above, we estimate the future split of total population among the household configurations as detailed in the following tables and figure.

The two population groups – permanent and temporary (net of the transient workforce surge) – have been considered separately.

Table 10: Population in households by household configuration and time horizon, permanent population

	Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035	
One-person household	272	276	280	286	320	
Nuclear household	Without children	570	578	588	599	671
	With children	1,165	1,182	1,202	1,225	1,371
Non-nuclear household	159	161	164	167	187	
Total	2,166	2,197	2,234	2,277	2,549	

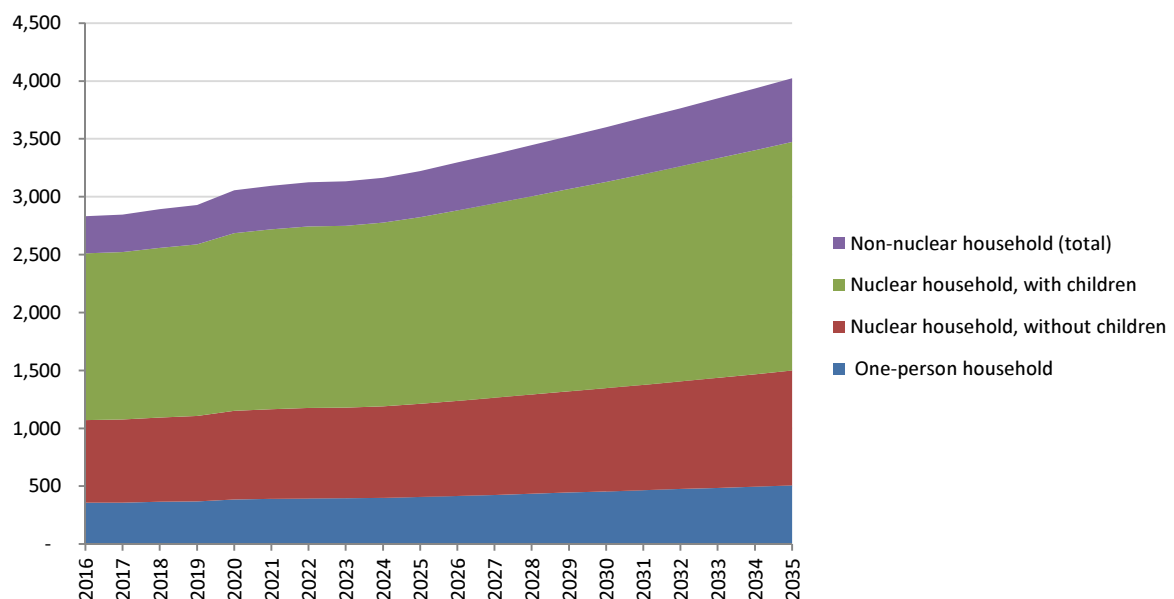
Table 11: Population in households by household configuration and time horizon, temporary population

	Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035	
One-person household	85	93	113	120	187	
Nuclear household	Without children	145	159	194	205	320
	With children	273	300	365	388	603
Non-nuclear household	163	179	218	232	361	
Total	666	731	890	945	1,471	

Table 12: Population in households by household configuration and time horizon, total population

	Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035	
One-person household	357	369	393	406	507	
Nuclear household	Without children	715	737	782	804	991
	With children	1,438	1,482	1,567	1,613	1,974
Non-nuclear household	322	340	382	399	548	
Total	2,832	2,928	3,124	3,222	4,020	

Figure 12: Population in households by household configuration, 2016-2035



3.1.3. Number of households by household configuration

Based on information about the average household sizes described in Figure 11, it is possible to estimate the future number of households, with a breakdown by household configuration, as detailed in the following tables and figure.

The two population groups – permanent and temporary (net of the transient workforce surge) – are considered separately in the tables.

Table 13: Number of households by household configuration and time horizon, permanent population

	Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035	
One-person household	272	276	280	286	320	
Nuclear household	Without children	285	289	294	300	335
	With children	342	347	353	360	403
Non-nuclear household	47	47	48	49	55	
Total	946	959	975	994	1,113	

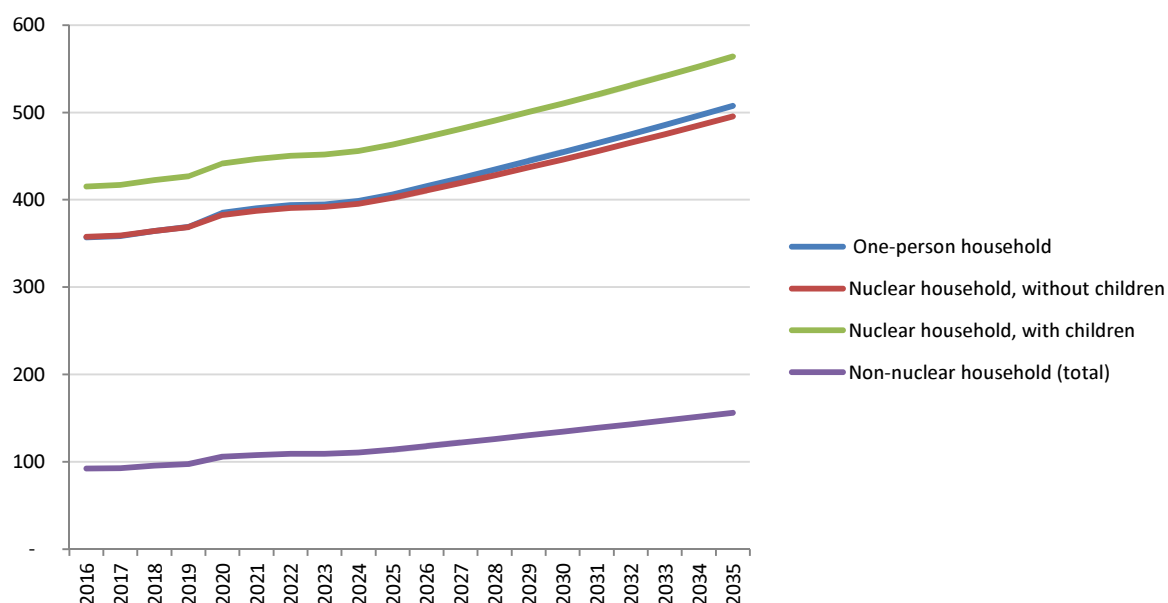
Table 14: Number of households by household configuration and time horizon, temporary population

	Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035	
One-person household	85	93	113	120	187	
Nuclear household	Without children	72	79	97	103	160
	With children	73	80	98	103	161
Non-nuclear household	46	50	61	65	101	
Total	276	303	369	391	610	

Table 15: Number of households by household configuration and time horizon, total population

	Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035	
One-person household	357	369	394	406	508	
Nuclear household	Without children	357	368	391	402	496
	With children	415	427	450	463	564
Non-nuclear household	92	97	109	114	156	
Total	1,222	1,262	1,344	1,385	1,723	

Figure 13: Number of households by household configuration, 2016-2035



3.1.4. Number of households by household size

Based on our population growth assumptions, as well as observations about the current average size of each household configuration, we have estimated the future number of households, with a breakdown by household size, as detailed below.

Table 16: Number of households by household size and time horizon, permanent population

	Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035
1 person	272	276	280	286	320
2 people	347	351	357	364	408
3 people	163	165	168	171	191
4 people	113	115	117	119	133
5 people or more	51	52	53	54	61
Total	946	959	975	994	1,113

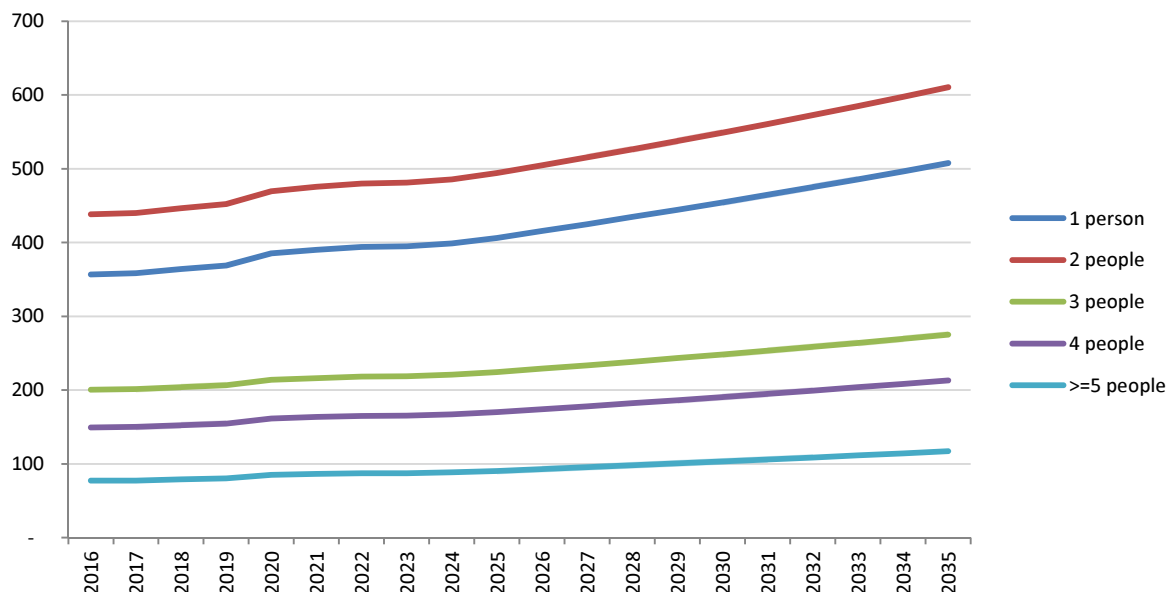
Table 17: Number of households by household size and time horizon, temporary population

	Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035
1 person	85	93	113	120	187
2 people	92	100	122	130	202
3 people	38	42	51	54	84
4 people	36	39	48	51	80
5 people or more	26	28	34	36	56
Total	276	303	369	391	610

Table 18: Number of households by household size and time horizon, total population

	Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035
1 person	357	369	394	406	508
2 people	438	452	480	494	610
3 people	200	206	218	224	275
4 people	149	154	165	170	213
5 people or more	77	80	87	90	117
Total	1,222	1,262	1,344	1,385	1,723

Figure 14: Number of households by household configuration, 2016-2035



3.2. Housing demand projections

The following paragraphs describe the main assumptions and methodology adopted to estimate the future demand of housing units, by type of housing unit, tenure, and number of bedrooms, as well as presents the resulting projections.

3.2.1. Assumptions

The 2016 Census reported data on a total of 4 types of housing units (in Stanley and in Camp), as detailed in Table 3. In addition, a very small number of unspecified housing types were reported. The following analysis continues to use the same housing categories:

- Detached houses;
- Semi-detached or terraced houses;
- Apartments or flats; and
- Mobile or temporary structures.

Table 19 and Table 20 detail the share of households living in each accommodation type in 2016, with a breakdown **by household configuration** (source: Census 2016). The two population groups – permanent and temporary – are considered separately.

Table 19 highlights that the vast majority of households in the permanent population (78%) lived in a detached house in 2016. Semi-detached houses were the next most common accommodation type.

By comparison, only 49% of households in the temporary population pool (Table 20) lived in a detached house, while 34% lived in a semi-detached house and 10% in a flat (compared against 5% of households in the permanent population pool).

In the absence of any policy change, we have assumed this breakdown will remain the same in the future.

Table 19: Breakdown of housing units by type of housing and household configuration, permanent population

		One-person household	Nuclear household		Non-nuclear household	Total
			Without children	With children		
Total		248	281	337	69	935
House	Detached house	65.4%	83.2%	83.5%	77.5%	78.2%
	Semi-detached or terraced house	16.3%	8.9%	11.1%	13.2%	11.9%
Flat		10.2%	3.1%	3.0%	7.8%	5.3%
Mobile or temporary structure		8.1%	4.8%	2.4%	1.5%	4.6%

Table 20: Breakdown of housing units by type of housing and household configuration, temporary population

		One-person household	Nuclear household		Non-nuclear household	Total
			Without children	With children		
Total		69	70	70	46	255
House	Detached house	31.9%	49.1%	63.2%	47.3%	49.5%
	Semi-detached or terraced house	33.3%	40.4%	29.4%	29.8%	33.9%
Flat		27.5%	5.3%	2.5%	8.9%	10.4%
Mobile or temporary structure		7.2%	5.3%	5.2%	14.0%	6.4%

The next tables report on the share of households **by tenure**, with a breakdown by household configuration (source: Census 2016). The two population groups – permanent and temporary population – are considered separately.

As illustrated in Table 21, in 2016, the vast majority of households in the permanent population (71%) owned their accommodation (either outright or with a mortgage). Conversely, in the temporary population pool (Table 22) only 8% of households own their homes.

In the absence of any policy change, we assume this breakdown will remain the same in the future.

Table 21: Breakdown of housing units by tenure and household configuration, permanent population

	One-person household	Nuclear household		Non-nuclear household	Total
		Without children	With children		
Total	248	281	337	69	935
Housing unit owned	59.3%	80.0%	71.3%	66.2%	70.5%
Housing unit rented or occupied free of rent	40.7%	20.0%	28.7%	33.8%	29.5%

Table 22: Breakdown of housing units by tenure and household configuration, temporary population

	One-person household	Nuclear household		Non-nuclear household	Total
		Without children	With children		
Total	69	70	70	46	255
Housing unit owned	6.0%	7.0%	9.3%	10.2%	7.8%
Housing unit rented or occupied free of rent	94.0%	93.0%	90.7%	89.8%	92.2%

The next tables report on the share of housing units by number of bedrooms, with a breakdown **by household size** (2016 Census). The two population groups – permanent and temporary population – are considered separately.

Sixty-two percent of households in the permanent population lived in a home with 3 or more bedrooms in 2016 (Table 23), while 29% lived in 2-bedroom accommodation. In the temporary population (Table 24) 44% of households lived in a 2-bedroom housing unit, while 46% were in houses of 3 or more bedrooms. One-bedroom housing units are about 10% of the total in both cases.

Table 23: Breakdown of housing units by number of bedrooms and household size, permanent population

	1 person	2 people	3 people	4 people	≥5 people	Total
Total	248	351	166	115	55	935
1 bedroom	23%	8%	1%	0%	0%	9%
2 bedrooms	39%	35%	24%	5%	8%	29%
3 bedrooms	29%	41%	48%	51%	25%	40%
≥4 bedrooms	9%	17%	26%	43%	68%	22%

Table 24: Breakdown of housing units by number of bedrooms and household size, temporary population

	1 person	2 people	3 people	4 people	≥5 people	Total
Total	69	91	37	35	23	255
1 bedroom	28%	5%	0%	0%	0%	10%
2 bedrooms	51%	64%	37%	6%	6%	44%
3 bedrooms	19%	17%	43%	66%	41%	30%
≥4 bedrooms	1%	14%	20%	28%	53%	16%

In the absence of any policy change, we assume the breakdown shown in Table 23 and Table 24 will remain the same in the future – except for one-person households in the temporary population pool, as discussed below.

We note that in 2016, only 28% of one-person households in the temporary population lived in a 1-bedroom housing unit, with 51% living in a 2-bedroom and 19% in a 3-bedroom housing unit. We interpret this data as an issue of over-housing due to the scarce availability of 1-bedroom homes. For the purposes of our projections we assume that 70% of one-person households in the temporary population could be housed in a 1-bedroom unit, resulting in the demand assumptions below.¹⁶

1 person, temporary population	
1 bedroom	70%
2 bedrooms	21%
3 bedrooms	8%
≥4 bedrooms	1%

In the following pages we present projections of future housing demand by resident households, with a breakdown by type of housing, tenure, and number of rooms.

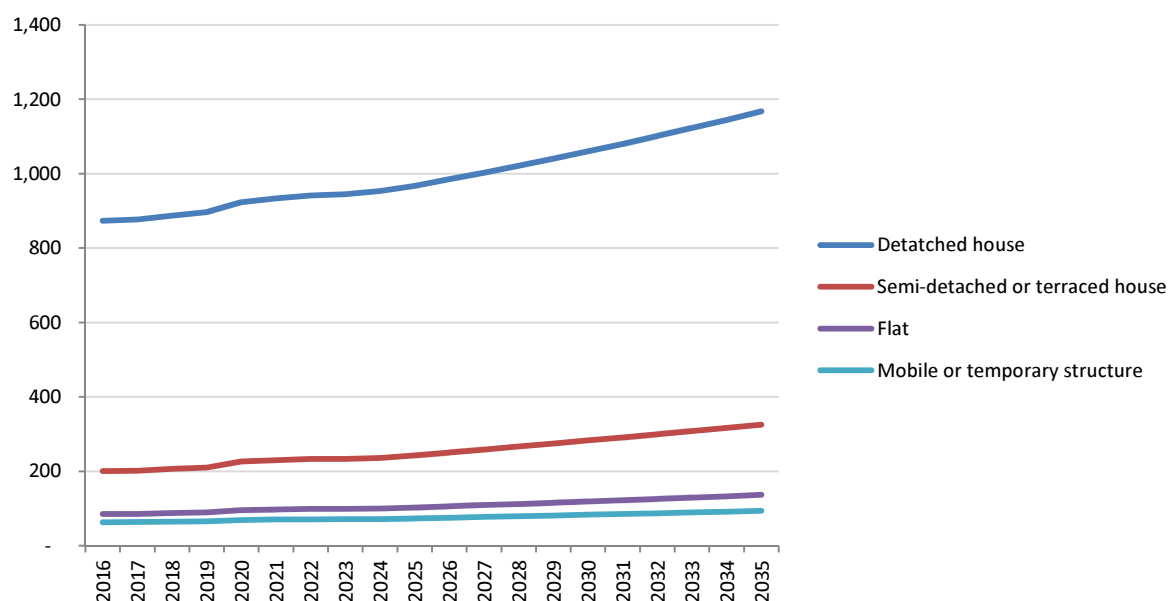
3.2.2. Primary¹⁷ homes by type of housing

All projections reported in this Section, as well in Sections 3.2.3, 3.2.4, and 3.2.5, refer to first homes only; we discuss demand for second homes in Section 3.2.6. Based on assumptions about preferences for types of housing by population category and household configuration discussed above, it is possible to estimate the future demand for housing units by type of housing, as detailed in Table 25 and Figure 15.

Table 25: Demand of housing units by type of housing and time horizon

		Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035
House	Detached house	873	896	941	967	1,167
	Semi-detached or terraced house	200	210	233	242	325
Flat		85	89	99	103	137
Mobile or temporary structure		63	66	71	73	94
Total		1,222	1,262	1,344	1,385	1,723

Figure 15: Number of housing units by type of housing, 2016-2035



¹⁶ We make assumptions for their preferences for the other housing size categories so that the proportions reported in Table 24 are respected.

¹⁷ "Primary home" refers to the ordinary residence of the household. Demand for second homes is calculated separately.

3.2.3. Primary homes by tenure

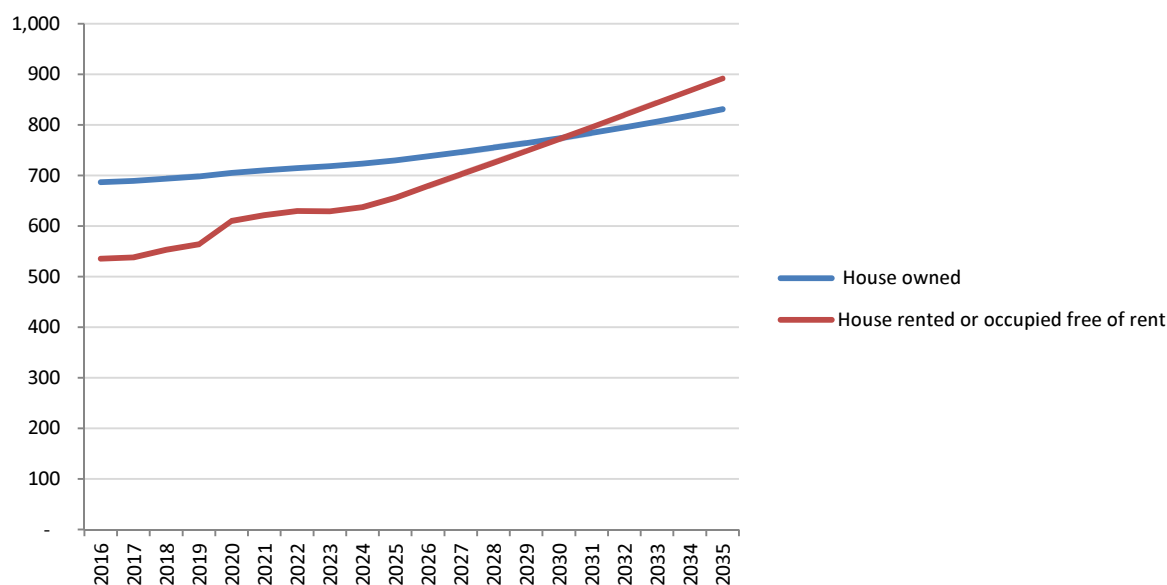
Based on the assumptions on tenure by population category and household configuration, discussed above, it is possible to estimate the future demand of housing units by tenure.

The requirement for rental housing can be expected to increase, as a share of total housing, from 44% in 2016 to 52% in 2035, due to the expected increasing share of temporary residents within the total population, and the fact that households in the temporary population are found to live much more frequently in rented rather than owned accommodation.

Table 26: Demand for housing by tenure and time horizon

	Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035
House owned	687	698	715	730	831
House rented or occupied free of rent	535	564	629	656	892
Total	1,222	1,262	1,344	1,385	1,723

Figure 16: Demand for housing by tenure and time horizon, 2016-2035



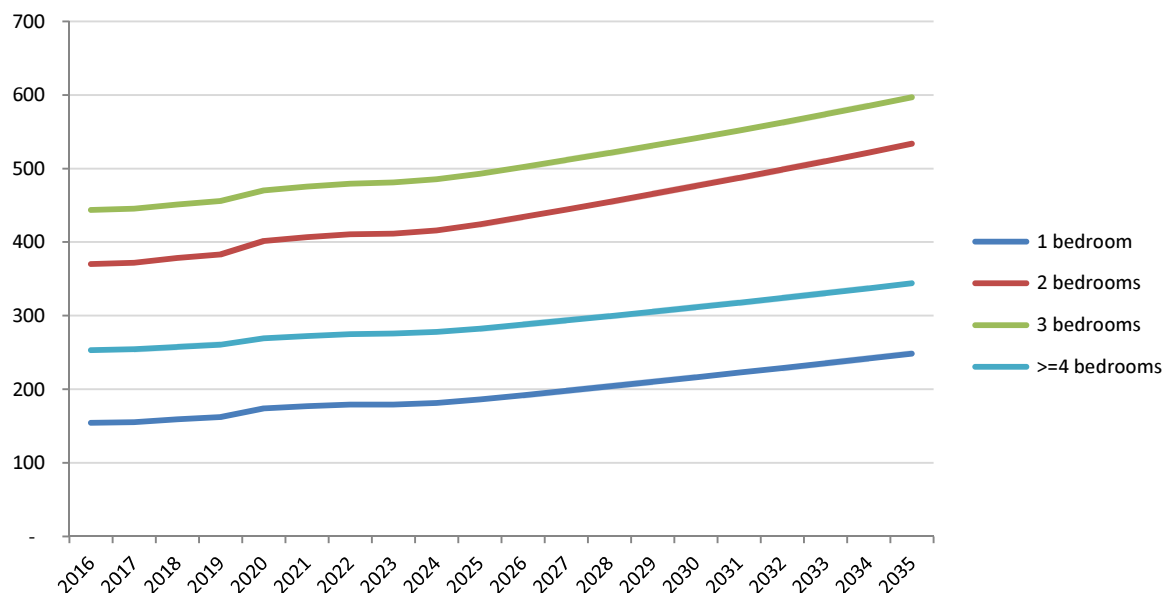
3.2.4. Primary homes by number of bedrooms

Based on assumptions on accommodation size (number of bedrooms) by population category and household size discussed above, it is possible to estimate the future demand of housing units by number of bedrooms.

Table 27: Demand for housing by number of bedrooms and time horizon

	Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035
1 bedroom	155	162	179	186	248
2 bedrooms	370	383	411	424	534
3 bedrooms	444	456	479	493	597
>=4 bedrooms	253	261	275	283	344
Total	1,222	1,262	1,344	1,385	1,723

Figure 17: Demand for housing by number of bedrooms, 2016-2035



3.2.5. Additional demand for primary homes

Table 28 details estimated **additional housing demand by type of housing** in the ‘Immediate’, ‘Short term’, and ‘Long term’ time horizons, compared to ‘Current’ (end 2019). We estimate that in the long term there will be a higher demand for semi-detached or terraced houses (25% of total additional demand, compared to 16% of demand in 2016) and apartments or flats (10% against 7%), and a lower demand for detached houses (59% against 71%), as shown in Figure 18.

Table 28: Number of additional housing units (compared to ‘Current’ time horizon), by type of housing and time horizon

	Immediate End 2022	Short term End 2025	Long term End 2035	
House	Detached house	+45	+71	+271
	Semi-detached or terraced house	+23	+32	+115
Flat	+10	+14	+48	
Mobile or temporary structure	+5	+7	+28	
Total	+82	+123	+461	

Figure 18: Housing demand by type of housing, Census (2016) vs. additional demand in the long term

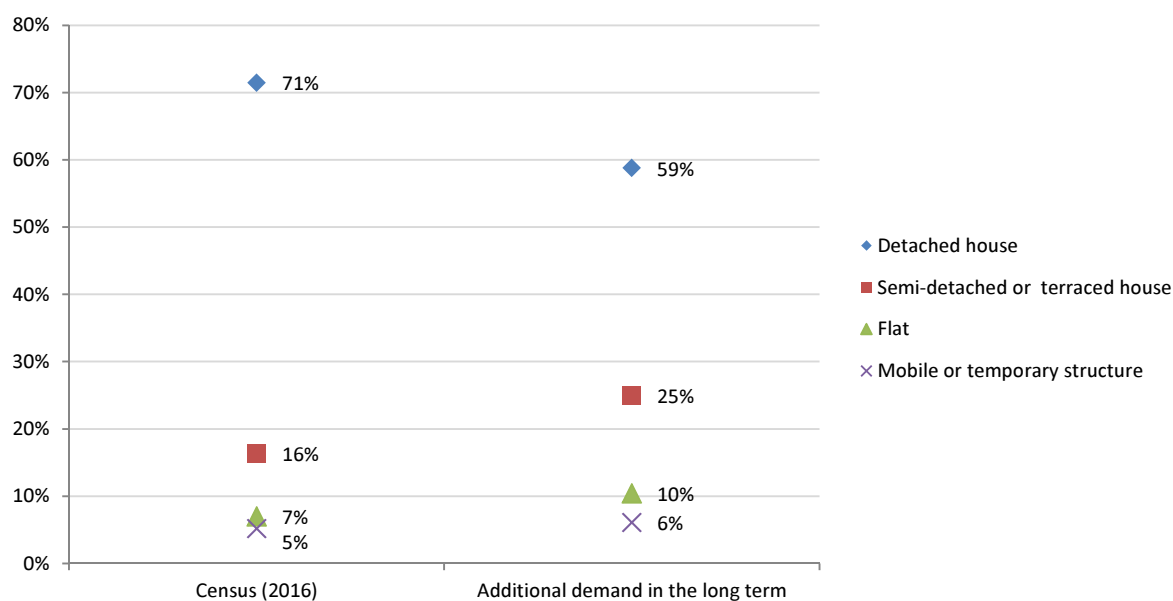


Table 29 highlights the **additional housing demand by tenure** in the 'Immediate', 'Short term', and 'Long term' time horizons, compared to 'Current' (end 2019); we estimate that in the long term, 71% of additional housing demand will occur in the rental market. In 2016, 44% of all households lived in rental accommodation (or occupied free of rent).

Table 29: Number of additional housing units (compared to 'Current' time horizon), by tenure and time horizon

	Immediate End 2022	Short term End 2025	Long term End 2035
House owned	+17	+32	+133
House rented or occupied free of rent	+65	+92	+328
Total	+82	+123	+461

Figure 19: Housing demand by tenure, Census (2016) vs. additional demand in the long term

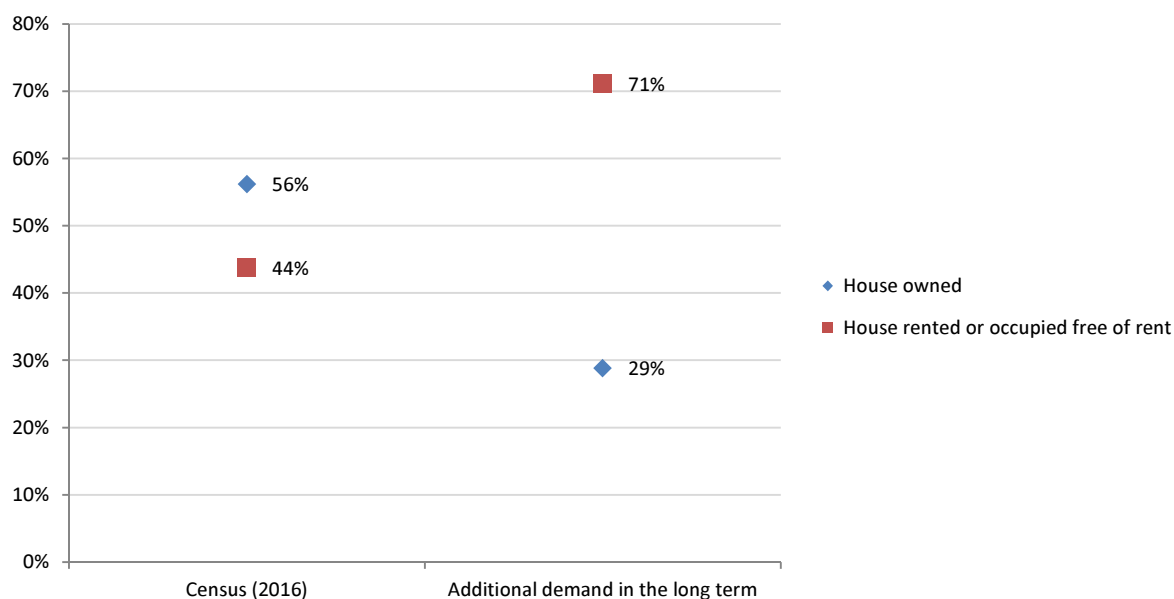
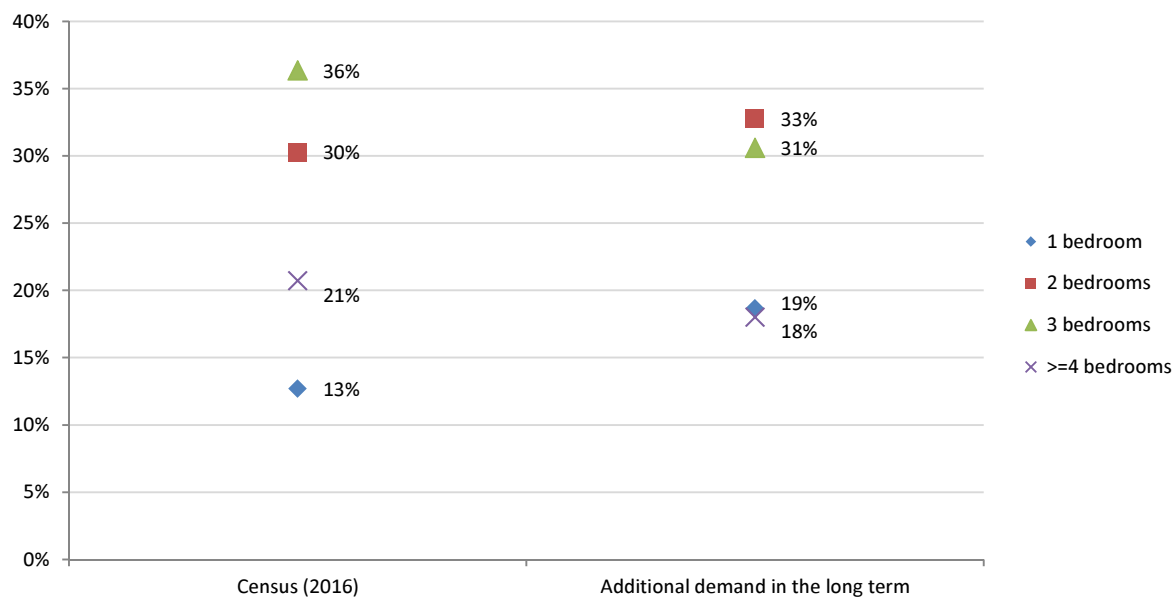


Table 30 highlights **additional housing demand by number of bedrooms** in the 'Immediate', 'Short term', and 'Long term' time horizons, compared to 'Current' (end 2019). We estimate that in the long term there will be a higher demand for 1-bedroom housing units (19% of total additional demand, compared to 13% of total demand in 2016) and 2-bedroom housing units (33% against 30%); and a lower demand for 3-bedrooms houses (31% against 36%) and houses with 4 or more bedrooms (18% against 21%), as shown in Figure 20.

Table 30: Number of housing units by number of bedrooms and time horizon

	Immediate End 2022	Short term End 2025	Long term End 2035
1 bedroom	+17	+24	+86
2 bedrooms	+28	+41	+151
3 bedrooms	+23	+37	+141
>=4 bedrooms	+14	+22	+83
Total	+82	+123	+461

Figure 20: Housing demand by number of bedrooms, Census (2016) vs. additional demand in the long term



3.2.6. Second homes

The 2016 Census collected information on the number of households with multiple home ownership, by purpose and location. While additional homes in the category ‘Owned and rented out’ have most likely been counted already as occupied housing units in the main Census housing tables, those in the categories ‘Owned for personal use’ and ‘Rented as a tenant’ have most probably not been included.

Those housing units – 79 in Stanley and 111 in Camp in 2016 – represent an additional factor of housing demand (classified as ‘demand for second homes’ in this paper) that must be included in order to estimate total housing demand.

Table 31: Total number of additional homes, Stanley and Camp, 2016

	Owned for personal use	Owned and rented out	Rented as a tenant	Total
Stanley	74	98	5	177
Camp	102	7	9	118

To project demand for second homes in the future, we have assumed that it will grow in line with demand for primary homes in Stanley, while we assume demand will remain flat in Camp. This suggests that total demand for second homes will grow from 190 in 2016 to 222 in 2035.

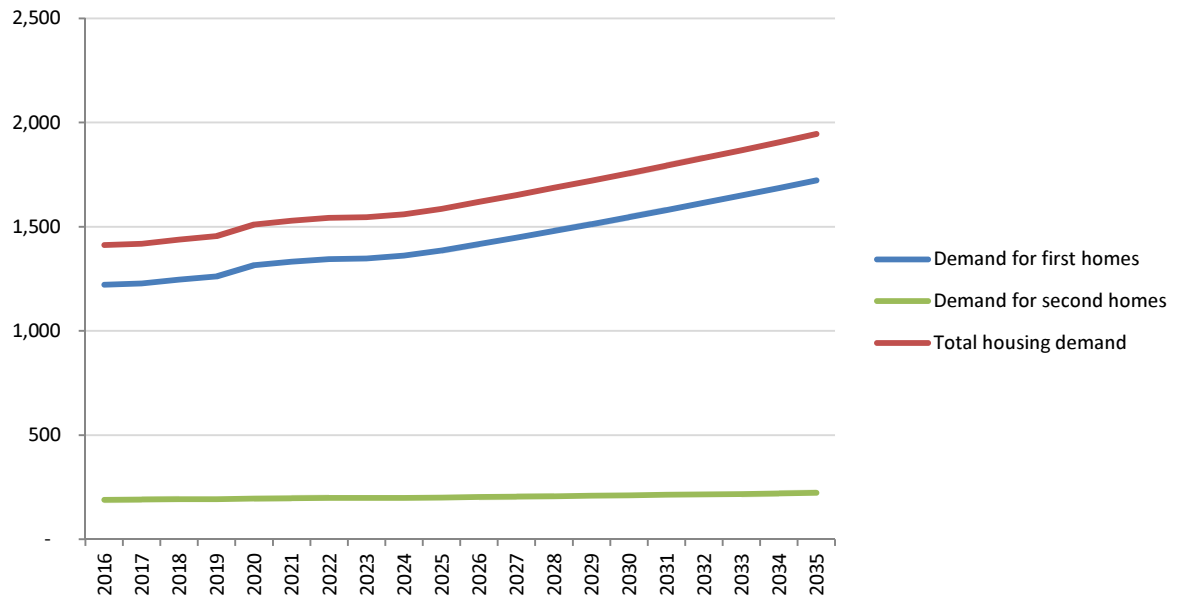
3.2.7. Total housing demand projections

Table 32 and Figure 21 provide projections of total housing demand, which is projected to grow from 1,412 in 2016 to 1,945 in 2035.

Table 32: Housing demand for primary and second homes by time horizon

	Census End 2016	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035
Demand for primary homes	1,222	1,262	1,344	1,385	1,723
Demand for second homes	190	193	198	201	222
Total housing demand	1,412	1,454	1,542	1,586	1,945

Figure 21: Housing demand by number of bedrooms, Census (2016) vs. additional demand in the long term



4. Housing supply projections

Key findings

- Data limitation is a serious issue when trying to estimate current housing supply, in absence of a proper Property Register reporting detailed information on the whole stock of existing properties and housing units.
- Based on an analysis of past trends, we have assumed that 25 housing units can be built every year in the private market, in addition to the housing development planned by FIG and to the planned Joint FIG/MOD housing procurement. This can be seen as an indication of the private sector's current capacity to supply housing, independent of government housing initiatives.
- We have also assumed a 10% vacancy rate to estimate available housing, based on our estimates of total housing supply. In addition to properties that are available to rent, vacancies may include properties that are currently unavailable, such as homes under renovation or awaiting resale, those which are derelict or uninhabitable, and those whose owners choose to keep them vacant. The breakdown of vacant houses between these categories is unknown.
- We estimate available housing supply could increase from 1,485 at the end of 2019 to 1,922 in 2035. However, this assumes that market conditions will support speculative¹⁸ private sector participation in the rental housing market.
- According to FIG Planning and Building Services, land availability will not be a barrier to housing development. The *Development Plan Health Check 2019* reports a total allocation capacity of up to 768 homes between 2015 and 2030, based on 8.6 dwellings per hectare (dph), the existing density at Sapper Hill. By comparison, our estimate of future housing demand is for 465 additional units by the end of 2035.
- Should there be a future need, higher densities would support a greater number of houses to be delivered over the same amount of land; for example, at 30dph it would be possible to deliver 4,158 homes. Higher densities are currently being encouraged by FIG Planning and Building Services, based on the recognition of a number of economic, social, and environmental benefits. The expected growth in population and households can therefore be accommodated within the existing housing land allocations, leaving a significant surplus of housing land available.

4.1. Available evidence and data

The following chapter discusses the available evidence about the current supply of housing in Stanley and Camp, and presents our estimates of future housing supply in the Falkland Islands.

4.1.1. Data limitations

Data limitation is a serious issue when trying to estimate current housing supply, in absence of a proper Property Register reporting detailed information on all existing properties and housing units.¹⁹ At the moment, the available information is scattered across several FIG Departments, and significant difficulties arise when trying to cross reference data to get a complete and accurate picture of the existing housing stock.

¹⁸ 'Speculative' development is that which occurs ahead of expected future demand.

¹⁹ A proper Register would ideally include a wealth of information on the whole existing housing stock – detailing housing units by tenure, type of dwelling, number of bedrooms, occupancy, etc. – and would allow to easily and quickly extract data; thus eliminating the need to estimate. This would facilitate planning and help ensure FIG resources are directed effectively and efficiently.

The following table shows information on the existing data sources and highlights the major limitations of each source. From the table it emerges as the areas with respect to which the least amount of information is available are:

- the size of the stock of unoccupied / vacant houses, which are not recorded in any of the available data sources;
- tenure of existing properties, which is recorded in the Census only (thus data can be updated with a 5-years frequency only).

Table 33: Main data sources used to estimate housing supply

Database	Department	Data recorded	Main limitations
Falkland Islands Census	Policy Unit	Data on housing units occupied on Census night: <ul style="list-style-type: none"> • Number of bedrooms • Type of housing unit • Quality of housing unit • Tenure 	<ul style="list-style-type: none"> • Data are updated every 5 years only • Does not distinguish between housing units in the private market vs. FIG housing units • Does not record information on housing units which were unoccupied on Census night
FIG Housing List	PWD Housing	Data on the FIG housing stock: <ul style="list-style-type: none"> • Address • Number of bedrooms • Occupant 	<ul style="list-style-type: none"> • Does not include information on houses in the private market
Service Charge Master List	PWD	Properties liable to pay Service Charge: <ul style="list-style-type: none"> • Address • Owner • Annual Service Charge 	<ul style="list-style-type: none"> • Does not include properties not liable to pay Service Charge (e.g. unoccupied / derelict housing units)
Planning and Building Register	Planning Services	Data on new building applications: <ul style="list-style-type: none"> • Address • Applicant • Description of property • Planning decision • Issuing of Building Permit and Occupation Certificate 	<ul style="list-style-type: none"> • Does not include information on existing properties • Does not include detailed information on the type of property (e.g. type of dwelling, number of bedrooms, etc.)
Property info spreadsheet	Registry	Data on trade of properties: <ul style="list-style-type: none"> • Address • Buyer • Price • Size of property 	<ul style="list-style-type: none"> • Does not include information on the type of property sold (e.g. land vs. housing unit)

4.1.2. Stanley

According to the “Service Charge Master List” approximately 1,215 houses were assessed in Stanley as of October 2016. At the same time, the 2016 Census recorded 1,026 households in Stanley.

Therefore, we assume that there were 189 unoccupied houses in Stanley (or 16% of the total) at that time. Approximately 40 of these unoccupied houses were FIG properties, while the rest belonged to the private housing pool.

Some vacant properties in the private pool appear to be second homes, a share of which is most likely to be for own use by Camp residents. According to the 2016 Census, at the end of 2016 there were 79 additional homes owned for personal use or rented as a tenant in Stanley.

Based on this data, we can estimate that in 2016 there were 110 vacant houses in Stanley (40 FIG properties + 70 vacant private houses), or 9% of the total housing stock.

Vacant houses are likely to include:

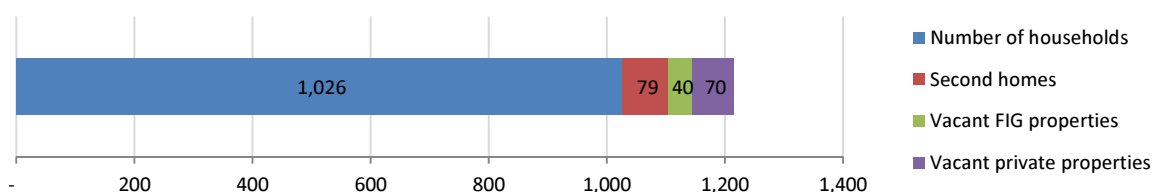
- houses vacant for renovation or awaiting resale;
- uninhabitable / derelict houses;
- houses which are deliberately kept vacant by owners;
- houses which are available in the market.

We currently do not know the breakdown of vacant houses between these categories.

Table 34: Estimate of housing supply in Stanley, 2016

	Source	Formula	Stanley
Number of households	Census 2016	A	1,026
Total number of houses	Service Charge Master List 2016/17	B	1,215
Unoccupied houses		$C = B - A$	189
Unoccupied FIG properties	PWD	D	40
Unoccupied private properties		$E = C - D$	149
Second homes (owned for personal use or rented as a tenant)	Census 2016	F	79
Vacant private houses		$G = E - F$	70
Total vacant houses		$H = D + G$	110
Vacancy rate		$I = H / B$	9%

Figure 22: Estimated housing supply in Stanley, 2016

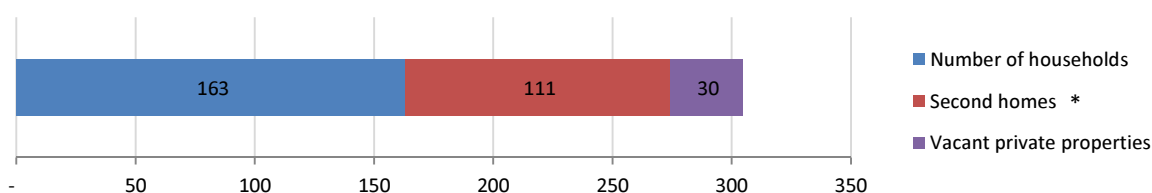


4.1.3. Camp

According to the 2016 Census, there were 163 reported households in Camp. Nine households were reported as being in rental accommodation. In addition, at the end of 2016 there were 111 secondary homes in Camp (whose owner reported that this was not their primary residence). This suggests there were 274 occupied houses in Camp.

Moreover, there is an observed drop in the number of occupied households between the 2006 and 2016 Census which suggests that there should be a pool of vacant houses in Camp – perhaps as high as 30. This leads us to believe that the total number of houses in Camp in 2016 can be therefore estimated as approximately 304, with a 10% vacancy rate. However, this data must be treated with caution, as it says nothing about the location or state of these vacant homes.

Figure 23: Estimated housing supply in Camp, 2016



* 'Second homes' include those being rented by tenants

4.1.4. Summary

The total number of houses (occupied and vacant) in the Falkland Islands at the end of 2016 is estimated at 1,520.

Based on data from the 2018/19 “Service Charge Master List”, as well as on data from FIG Planning on the number of dwellings built in Camp between 2016 and 2018, we estimate the total number of dwellings in the Falkland Island to have increased to 1,612 at the end of 2018. Based on the vacancy rates discussed above, we estimate available housing supply to be at 1,472 at the end of 2018.

4.2. Planned new accommodation

The following table details our assumptions with respect to planned new permanent accommodation between 2019 and 2035. Based on an analysis of past trends²⁰, we assume that the private sector has the capacity to add 25 housing units per year, in addition to housing built or commissioned by FIG. This analysis forecasts that these privately built homes will indeed be added to the market, however as previously discussed, this assumes sufficient market or government incentives to support speculative development.

Table 35: Planned new permanent accommodation, 2019-2035

	2019	2020	2021	2022	2023	2024-2035
Total	33	45	55	48	35	25 houses per year
FIG permanent accommodation	8	20	20	3		
Joint FIG/MOD housing prospectus			10	20	10	
Private sector	25	25	25	25	25	25 houses per year

Other planned permanent accommodation projects include the following, which development does not appear to be 100% sure: some projects appear to be on hold, while information on the time schedule to completion for others with planning permission is not currently available.

These developments can be listed as following:

Development	Applicant	Available information	Planning permission
ESRO site	ARGOS	Ca. 50 additional homes	Elapsed (though still represent a potential opportunity for development)
Auster place	Fortuna	16 x 2-bed flats with the loss of the existing bungalow	Granted
Moody Brook	F.I.C.	58 houses	Not granted yet (going to Planning Committee on 05/02/2020)
Narrows place	Goodwin	11 dwellings <ul style="list-style-type: none"> • 6 x 1-bed terraced flats • 3 x 2-bed detached houses • 1 x 2-bed semi detached house 	Granted
YPF site (Ross rd East)	F.I.C.	26 houses	Not granted yet

Other short-term accommodation developments include the following, intended primarily to support the short-term, foreign workforce required to complete planned FIG infrastructure projects and private sector construction activity. These have not been included in the housing supply projections, consistent with the approach of excluding the short-term workforce surge (2020-2024) from population counts for the purpose of estimating housing demand. Accommodation required

²⁰ Analysis of building permits and Occupation Certificates issued between 2016 and October 2019, source: FIG ‘Planning and Building Register’, 2016-2019.

for the Sea Lion oil field development phase will be provided by the project owner and is also not included in these projections.

These developments can be listed as follows:

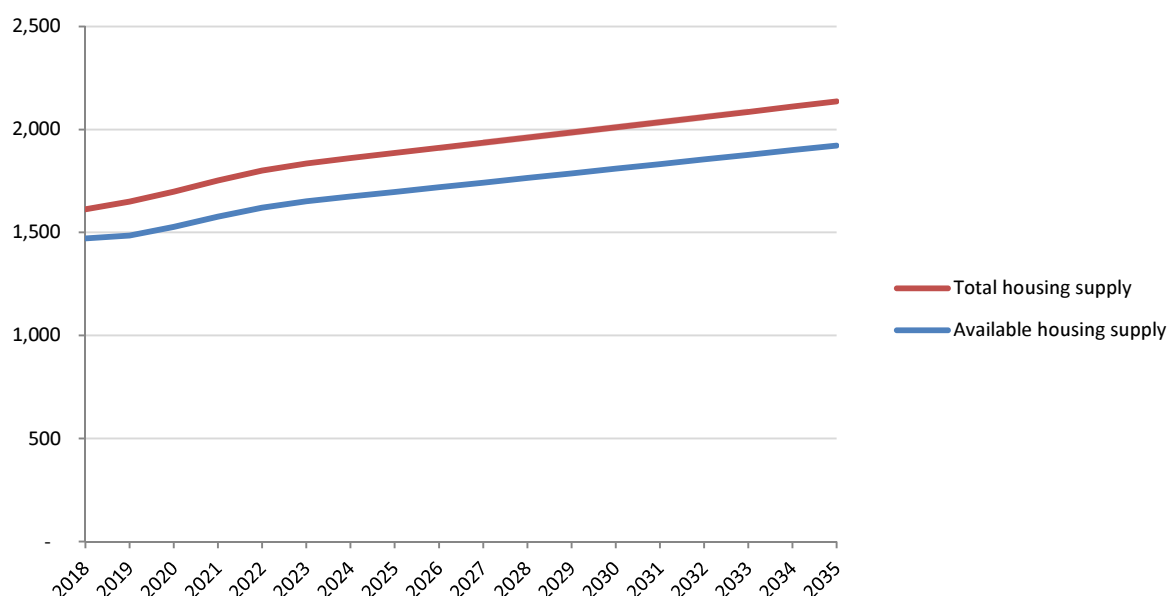
Short term development	Number of additional units	Year
Hillside	25 additional units	2018-19
Lookout Lodge expansion	50 additional units	2019
FIG multi-unit short-term accommodation	75 additional units	2020

4.3. Available housing supply projections

Based on our analysis of housing supply in 2016, we assume a 10% vacancy rate when estimating available housing supply over the forecast period.

The following figure shows our estimates of total and available housing supply between 2018 and 2035.

Figure 24: Total housing supply and available housing supply, 2018-2035



The FIG Planning and Building Services' *Development Plan Health Check 2019* reports that the Falkland Islands Development Plan (August 2015) accounted for a minimum of 362 homes being built in Stanley between 2015 and 2030. For comparison, our estimates of future housing supply in Stanley are for 532 additional housing units being delivered between 2017 and 2030.

According to FIG Planning and Building Services, land availability is not a barrier to development. The quoted document reports that the Development Plan's total allocation capacity amounts to 768 homes between 2015 and 2030²¹, estimated at a density of 8.6 dwellings per hectare (dph), equivalent to the density levels in previous Sapper Hill housing developments.

Should the need arise, higher densities could facilitate a greater number of houses to be delivered over the same amount of land. Higher densities are currently being encouraged by FIG Planning and Building Services, based on the recognition of a number of economic, social, and environmental benefits. The quoted document therefore concludes that the expected growth in population can be easily accommodated within existing housing land allocations, leaving a significant surplus of housing land available.

21 Over a total allocated housing land under policy TP6 of 138.6ha.

5. Comparison of housing demand and supply

Key findings

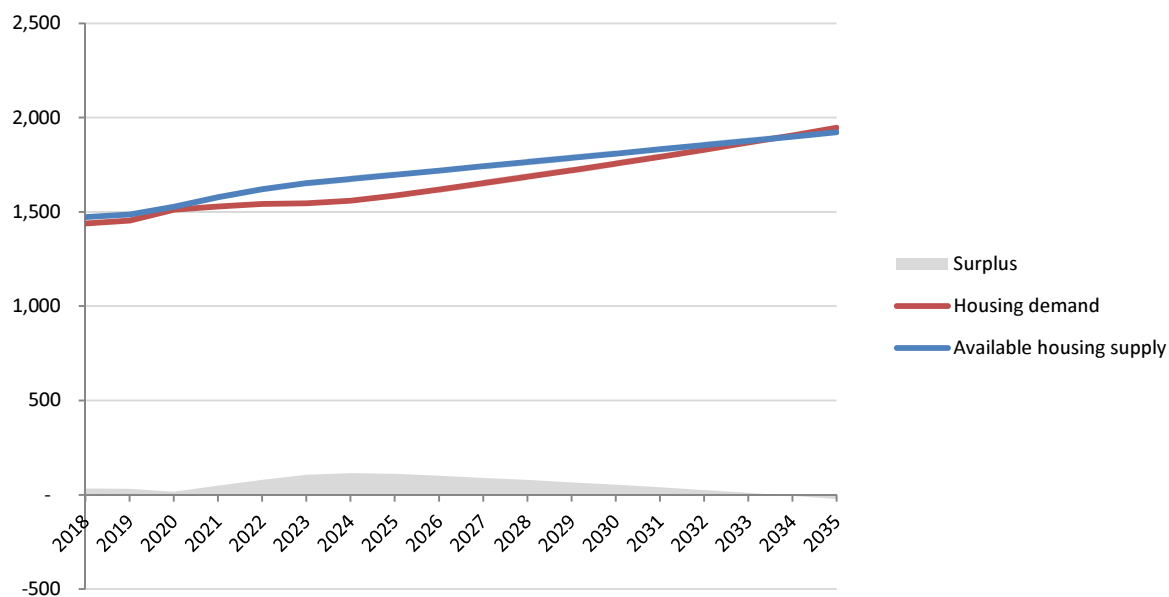
- The surplus of housing supply over demand includes both housing units available in the market and units which are currently kept outside the market, but that might be brought into the housing market with the right incentives.
- Overall, there appears to be sufficient housing units to meet current demand. However, this includes a number of vacant houses that have not been made available for rent, or that may be available only at rents that are unacceptable to most prospective tenants. Therefore, we observe an existing and foreseeable shortage of rental accommodation. Unlocking a portion of this existing vacant supply would be desirable, but would likely require considerable intervention by government.
- Currently, there is little speculative housing development in the Falkland Islands: most private sector housing construction is generated by purchasers of owner-occupied dwellings, the vast majority of whom are in the permanent population. While our supply projections for future owner-occupied housing reflect private sector capacity to build, projections on the growth of the permanent population suggest that demand from this segment will diminish over the forecast period.
- Therefore, we expect that the private sector can continue to build houses at its capacity rate, but only if it shifts to supply housing units into the rental market or if there is additional demand for home ownership.
- Given current conditions – that is, absent policy changes to shift demand from rental to home ownership or to stimulate speculative private sector rental development and provision (including bringing vacant homes into the market) – it is evident that there could be an actual shortage of rental accommodation as early as 2020, and that a significant gap could develop after 2025 even with all the planned new construction.
- With respect to housing size, our estimates suggest that, while supply will be sufficient to meet demand for houses with two bedrooms or more, supply of 1-bedroom houses will be below demand over the whole forecast period. This is based on the expected number of single person households in the total population. The preference for building homes with two or more bedrooms for the rental market has been largely justified by flexibility, as many jobs within the Falkland Islands rely on a contractor workforce to fill permanent positions and the number of accompanying dependents cannot be predicted with certainty.

Table 36 and Figure 25 compare projected available housing supply and total projected housing demand. The current (2019) estimated surplus of housing supply over housing demand – 31 units – includes both housing units that are currently available in the market and those kept outside the market, but that might be made available with the right incentives.

Table 36: Comparison of housing demand and supply, by time horizon

	Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035
Total housing supply	1,650	1,800	1,885	2,135
Available housing supply	1,485	1,620	1,697	1,922
Total housing demand	1,454	1,542	1,586	1,945
Surplus	+31	+78	+111	-23

Figure 25: Comparison of housing demand and supply, 2018-2035



5.1. Results by tenure

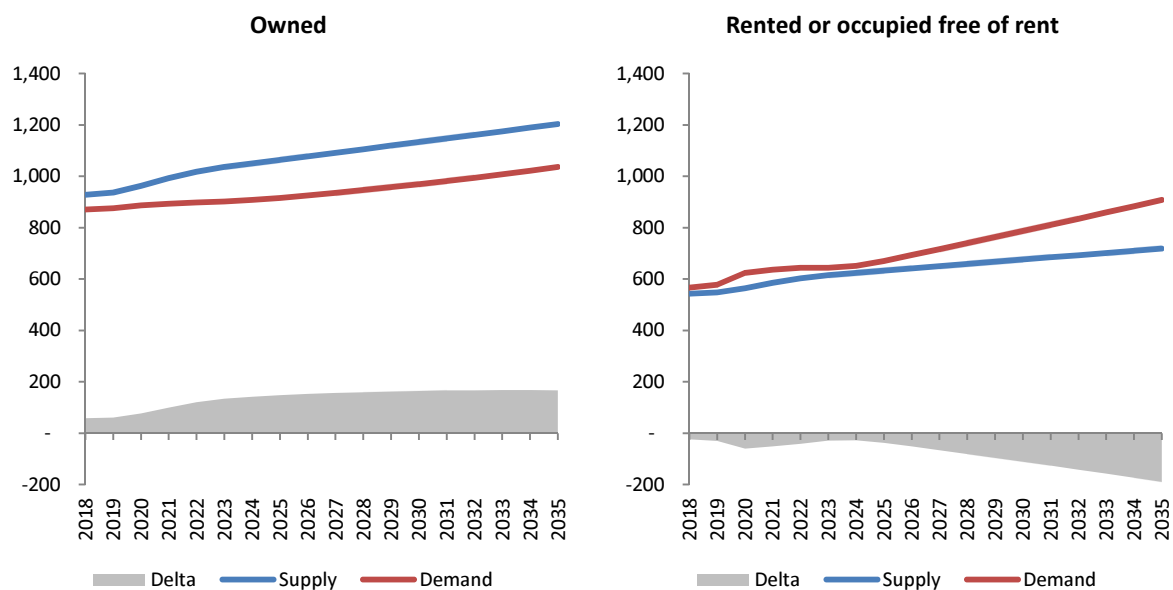
A comparison of estimated housing demand and available supply²², by tenure is shown in Table 37 and Figure 26.

Table 37: Comparison of housing demand and supply, by tenure and time horizon

		Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035
Owned	Housing demand	876	898	915	1,037
	Available housing supply	937	1,018	1,064	1,203
	Delta	+61	+120	+149	+166
Rented or occupied free of rent	Housing demand	578	644	670	908
	Available housing supply	548	602	633	719
	Delta	-30	-42	-37	-189

²² Available supply by tenure has been estimated assuming that the overall split between housing units owned and rented (or occupied free of rent) recorded by the last Census (owned = 59%; rented or occupied free of rent = 41%) will remain unchanged in the future.

Figure 26: Comparison of housing demand and supply, by tenure, 2018-2035



Our estimates suggest that if the existing proportion of owner-occupied versus rental homes does not change in the future – in other words, in absence of policy changes to shift demand from rental to home ownership or to incent speculative private sector rental development – the supply of rental housing may not be sufficient to meet demand as early as 2020, and that a significant gap could develop after 2025.

In the current policy environment, it is unlikely that houses in excess of ownership demand would be built. Therefore, supply of owner-occupied housing is directly related to the number of new homes commissioned by households. While the private sector would have the capacity to build ca. 375 homes, only 157 are expected to be commissioned by individual home buyers.²³ From this it follows that the supply projections provided below for future owner-occupied housing reflect private sector capacity to build.

While the housing supply/demand forecast assumes that the private sector will continue to build houses at its capacity rate, this will only hold true if the private sector supplies 218 housing units into the rental market (either directly or by contract to FIG) or if there is additional demand for home ownership. There is some indication of private sector appetite to enter the rental market, with 52 housing units at various stages of the planning approval or development process, while another 50 planned units appear to be on hold. There is no clear timeline for completion.

5.2. Results by number of bedrooms

The following table and figures compare estimated housing demand and available supply²⁴ by number of bedrooms. Our estimates suggest that, while supply will be sufficiently high to meet the need for houses with 2 bedrooms or more, supply of 1-bedroom houses will be below demand over the whole forecasted period.

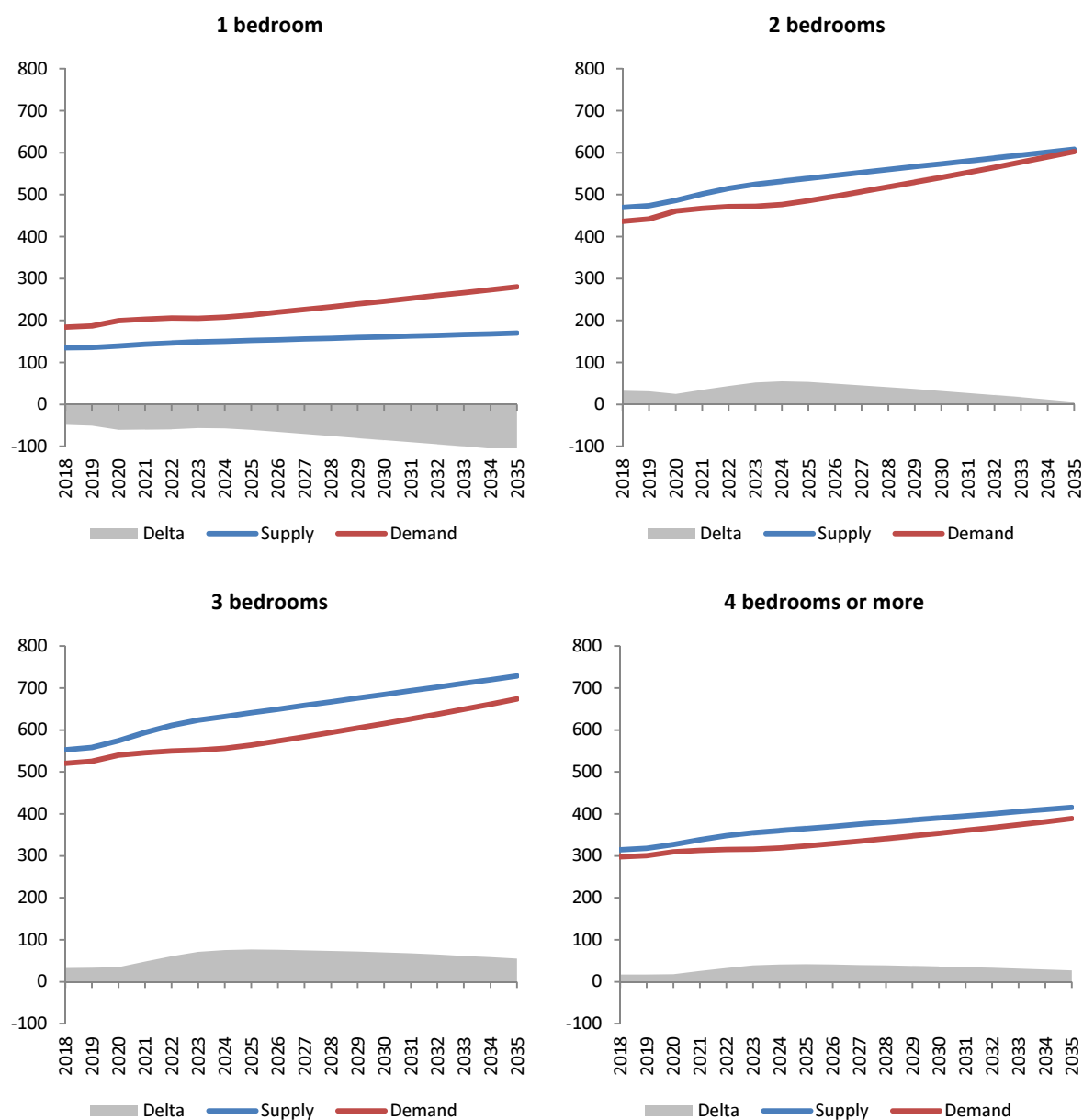
23 Estimates of demand for new owner-occupied housing during the forecast period is for 129 new first homes and 28 new second home builds – 157 in total.

24 Available supply by number of bedrooms has been estimated assuming a constant housing mix for new houses, reflecting the existing mix as recorded by the 2016 Census.

Table 38: Comparison of housing demand and supply, by number of bedrooms and time horizon

		Current End 2019	Immediate End 2022	Short term End 2025	Long term End 2035
1 bedroom	Housing demand	187	205	213	280
	Available housing supply	136	146	152	170
	Delta	-51	-59	-61	-110
2 bedrooms	Housing demand	442	471	485	602
	Available housing supply	473	515	539	608
	Delta	+31	+44	+54	+6
3 bedrooms	Housing demand	525	550	564	674
	Available housing supply	558	611	641	729
	Delta	+33	+61	+77	+55
4 bedrooms or more	Housing demand	300	315	323	389
	Available housing supply	318	348	365	415
	Delta	+18	+33	+42	+26

Figure 27: Comparison of housing demand and supply, by number of bedrooms, 2018-2035



5.3. Comparison of housing demand and supply in Camp

The Falkland Islands Rural Development Strategy has set a goal to achieve 5% population growth in Camp every 5 years. At this rate, we would expect population in Camp to increase by 78 individuals over the forecast period; at the current average household size of 2.34, this would imply formation of an additional 33 households, generating demand for 33 additional homes in Camp by the end of 2035. This projection does not consider demand for new second homes in Camp, which is discretionary and not readily predicted.

At the 2016 Census, 85% of the Camp population reported being permanent residents (Status or PRP). It is impossible to predict whether the population in 2035 will continue to reflect this ratio. Therefore, it is impossible to predict the breakdown of demand between rental and owner-occupied housing.

6. Priority considerations

6.1. Housing demand

Despite high rates of home ownership in the permanent population (71%), the overall percentage of home ownership in the Falkland Islands was just 57% in 2016, lower than in comparable jurisdictions. For example, in 2018, 65% of all households in the United Kingdom owned their home. We forecast overall home ownership could drop to just 49% by 2035.

The increasingly high proportion of renters in the Falklands is due to the increasing share of temporary workers filling permanent jobs in the economy, as well as to restrictive government policies that make it difficult for most contractors to own land, even if they have made a multi-year commitment to the Falkland Islands. A secondary issue is the shortage of homes in the resale market, which may force some households to remain in rental accommodation until they can purchase land and build a home.

Thus, our forecasts predict that there will be demand for an additional 161 owner-occupied homes (primary and second) during the period of 2020-2035, or about 11 per year. At the same time, demand for rental units will increase by 330 units (22 per year).

6.2. Housing supply

With respect to the entire housing stock, it appears that there is capacity to ensure a surplus of houses to demand at each time horizon analysed. At the same time, we show shortages in the availability of rental housing. At the end of 2019 we see an existing shortage of rental housing, at the same time as there appears to be a stock of vacant homes in private ownership. We cannot tell whether these vacant properties are available but unaffordable, are unavailable due to owner preference or are unavailable due to their condition.

Forecasts of new housing development assume that the private sector will continue to provide 25 new houses into the market each year. In recent years, private sector housing construction has been mostly commissioned for owner-occupied single-family dwellings (either as primary or second homes). We do not expect demand for this type of home to continue at the same rate over the forecast period, due to the expected deceleration of new household formation in the permanent population, as the existing population ages and is not supplemented through permanent immigration.

If government actions can be taken to decrease the number of homes held vacant and if private sector capacity can be mobilised to also create rental housing, it would ensure sufficient homes to meet expected demand in the medium to long term.

Over the last two years, FIG has increased its capital investment to accelerate the pace of constructing FIG-owned houses, purchase additional development land and create new serviced land in the Sapper Hill area of Stanley. In addition, the private sector is showing promising signs of mobilising to increase supply of rental housing to the Stanley market. However, logistical issues and a chronic shortage of construction trades have delayed and constrained the pace of development.

Throughout the forecast period, in the absence of effective policies to encourage independent private sector supply, there is likely to be an ever-increasing shortage of rental units, which in turn will increase housing costs and cost-of-living, decrease the attractiveness of the Falkland Islands as a destination for work or immigration and make it ever more difficult to deliver services and to maintain the economy.

6.3. Affordability

6.3.1. Rental affordability

FIG has 128 houses in its affordable (local) housing portfolio²⁵ and offers a further rent rebate programme for households in need living in FIG accommodation. There appears to be insufficient FIG affordable housing to accommodate all of the applicants, but there is no means test required for eligible households; notwithstanding, allocation is prioritised based on need. FIG accommodation is only available to permanent residents (with PRP or FI Status) or to FIG work permit employees (in a separate housing pool). FIG housing is provided at a significant discount to the private sector.

All work permit holders in the private sector must access the private rental market (employers are required to demonstrate that they have secured accommodation before a work permit is granted). There are also permanent residents renting in the private sector, either by preference or necessity, due to insufficient FIG housing availability.

Rental housing supplied by the private sector is more expensive than government housing, but still affordable to the average household, based on median incomes observed during the Census. This does not mean that private sector rents are affordable to every household (as by definition, half of households in each configuration would be on a spectrum somewhere below the median, with half somewhere above). In particular, minimum wage workers in a single-income household would struggle to find affordable accommodation in the private market. Proposed welfare reforms will provide income support for households in need, regardless of whether they are in FIG or private accommodation, which could alleviate some pressures on demand for FIG housing.

In addition, the gap between FIG rents and the private sector drives unwillingness of even those who can afford it to pay the perceived premium and leads to a perception that private sector rents are unreasonable. This is partially due to the robust economy which has created a 'seller's market' in a tight housing sector, but has led to reports that some occupants of FIG social housing no longer 'require' subsidised housing, but remain there due to the gap between the two markets.

It is reported that some private sector landlords prefer to keep properties vacant in anticipation of future 'super-heated' demand. There are also reports from the previous oil exploration campaign of existing renters being faced with sudden steep rent increases or being forced to vacate their accommodation. We note that there are neither rent controls nor landlord-tenant regulations in the Falkland Islands.

In the absence of government action to increase specifically increase construction of affordable housing and to regulate the private rental market to protect tenants, we could expect the market to remain difficult for lower income renters. In addition, opportunistic landlord behaviour can be expected to re-emerge if supply remains constrained.

6.3.2. Home ownership affordability in Stanley

Home ownership in Camp is at 60% of total households, while 32% report living in rent-free. In Stanley, 56.7% of all households own their own home. 75.2% of Stanley residents hold Status or PRP, compared to 85% in Camp. Home ownership in the permanent population is 71%. Although the 2016 Census noted an overall decrease in the rate of home ownership across all households, this is attributable to the increase in work permit holders and families as a proportion of the population.

The evidence would suggest that home ownership is affordable, although this option is primarily available to permanent or long term residents. Government home ownership support programmes have been popular and have contributed to strong ownership rates for permanent residents.

²⁵ We define all houses in the 'local' FIG housing pool as affordable, both because of below-market rent and programmes that essentially gear rent to income. There are an additional 29 sheltered/emergency houses that are not included here. As of January 2020, FIG also had 153 houses that are used to house its contractor employees.

Government support includes both the opportunity to purchase FIG-owned and serviced land at 25% of actual cost for first time buyers in Stanley, and the Joint General Mortgage Scheme, where FIG provides a guarantee to Standard Chartered Bank that allows qualified first time buyers to borrow up to 95% of the home's value (to a maximum of £114,000). It should be noted that while serviced land is offered at a substantial discount, households are still responsible for the unsubsidised cost of actual services provided (i.e. service charges, electricity consumption).

This paper considers ownership of a second home as a discretionary purchase rather than a basic necessity for shelter. While there may be social benefits to owning a second home, it is not usually considered a function of government to make the purchase of an affordable second property a policy priority.

6.3.3. Home ownership affordability in Camp

At the 2016 Census, 78% of households in Camp reported living in a home that was either owned outright (free of mortgage) or lived in rent free. The remaining households were split between those with a mortgage (15%) and those paying rent (7%). This compares to 36% of households in Stanley living either mortgage or rent free. Median mortgage in Camp was £475, while the average was £564. Median rent was £175, while the average was £195.

The Falkland Islands Development Corporation (FIDC) produced a report for the Rural Development Steering Committee in November 2018 (*Camp House Building*) which attempted to quantify costs and available government subsidies for new home building in Camp. The report concluded that new home construction could cost as much as 30-45% more in Camp than a comparable house in Stanley primarily due to higher labour and transport costs. This would suggest that new home construction for a 3-bed home could cost between £156K and £174K, based on the average new home value in Stanley of £120,000.

Camp households are eligible for both the Joint General Mortgage Scheme and the Variable Rate Mortgage Scheme, with similar rules as borrowers based in Stanley. The main difference is that FIG will guarantee up to 45% of the total JGMS mortgage value (up to £120,000 purchase price) for Camp borrowers, versus 20% for Stanley properties. The higher cost to build has the effect of increasing the minimum down-payment required for qualifying buyers to build a 3-bedroom property in Camp from £6,000 based on £120,000 to £18,000 based on £156,000. In addition, all borrowers must demonstrate that their monthly incomes will keep them within the maximum debt servicing ratio of 50% and that the total amount borrowed does not exceed 4 times primary income plus 1 time secondary income. Anecdotal evidence suggests that some prospective new homeowners have difficulty in assembling the required down payment and/or in demonstrating sufficient income to qualify for a mortgage.

There are some additional financial subsidies available from FIDC for construction of housing in Camp. These include rural energy grants for installation of wind or solar power that have historically provided an average of £9,100 per grant for wind installations plus an additional £2,000 if solar is added. In addition, there are grants available to support water and waste systems (up to £2,000 for each). While these grants are available to businesses, it can be assumed that the primary residence of a farm, as well as housing for temporary farm workers, would qualify in most circumstances.

6.4. Home resale market

An additional area of concern is the limited home resale market. At any given time, there are few homes available on the resale market; this puts pressure on new home construction and on the continuous creation of new, serviced land for sale. It also creates additional pressure on the rental market, as prospective home buyers, who are able and willing to purchase, are forced to rent longer than they would like while waiting first to purchase land, and then for housing construction to be completed.

An additional challenge is the incidence of older houses in the centre of Stanley that are either uninhabitable and vacant, or in need of considerable renovation. Government does not currently have any programmes or policies that would encourage owners to rehabilitate this housing stock, or to demolish and create new, infill housing. These lots are already connected to services and therefore could reduce some of the pressure to create new, serviced land. Improving these properties could provide a relatively rapid contribution to rental or resale housing supply, as well as reducing safety hazards and contributing to the attractiveness of Stanley's residential streets.

6.5. Housing quality

In the 2016 Census, 83% in Stanley and 76% in Camp rated their housing as 'good' (the highest rating). By contrast, only 1.7% of households in Stanley and 1.9% in Camp rated their housing as being 'not good'. Similarly, only 1.2% of Camp respondents and 2% of Stanley respondents stated that their housing was not suitable to their needs.

Notwithstanding, it is recognised that housing quality is variable in Stanley and Camp and particularly that some accommodation in the mobile home park is substandard. Some FIG local housing is old and no longer fit for purpose (in particular, some of the 'cabins'), but without replacement properties available remain in the local housing pool. In addition, public infrastructure in the mobile home park is not to the same standard as in other Stanley neighbourhoods.

There have been reports of overcrowding – where multiple individuals or families are sharing houses that were meant to accommodate fewer people. This could be the result of the tight housing market where availability is constrained and affordability is an issue. Overcrowding can lead to building safety concerns. It will also be a source of dissatisfaction with housing suitability.

6.6. Data availability

Currently, data on the number and condition of houses in Stanley and in Camp is incomplete. In addition, there is insufficient accurate information on rental costs and availability in the private sector. While Census data provides some insight, the Census only occurs every five years and relies on self-reporting. In particular, the absence of a comprehensive property register is an important gap that could hinder informed decision-making.

Our analysis suggests that there are pressures in the housing market which will require more frequent and accurate monitoring in order to ensure that existing problems do not escalate. In addition, FIG, elected Members and the public need to be able to monitor the effect of policies, programmes and actions that are meant to address housing concerns and ensure that all residents of the Falkland Islands have sufficient, good quality, secure and affordable housing suitable to their needs.

7. Policy Priorities and Options

In response to the issues identified in this report, we have highlighted seven Policy Priorities and a range of Policy Options to address each issue, summarised in Table 39 and discussed in detail below.

Table 39: Policy Priorities and Policy Options

Policy Priority	Policy Options
1. Insufficient supply of rental housing in Stanley	Solution A. Reduce demand for rental accommodation
	1.1 Provide further incentives for first time home ownership to move eligible households out of rental accommodation
	1.1(a) Create and release more serviced plots for subsidized purchase, with option to create smaller lot sizes
	1.1(b) Set aside a higher percentage of each residential land release for qualified lower income first time buyers
	1.1(c) Provide equivalent incentives for first-time buyers purchasing in the resale market
	1.2 Relax restrictions on home ownership for work permit holders through
	1.2(a) Allow managed access to house purchase with restrictions
	1.2(b) Provide managed access to house purchase for new arrivals, including purchase of serviced land for housing construction
	Solution B. Increase supply of rental housing
	1.3 Provide incentives to existing property owners to improve vacant, partially complete or derelict properties and bring them into the rental market
	1.3(a) Provide financial or tax incentives to bring vacant houses into the rental market
	1.3(b) Impose penalties on property owners who maintain vacant or partially completed properties
	1.4 Increase pace and investment in FIG rental housing construction
	1.5 Change the mix of rental housing to include more multi-unit buildings
	2. Affordability of rental housing in Stanley
2.1(a) Provide loan guarantees to help local firms raise financing for affordable housing development	
2.1(b) Provide tax incentives, through accelerated depreciation, for new construction or renovation of existing buildings	
2.1(c) Sale of serviced land at reduced cost for affordable housing development only	
2.2 Implement rent controls	
2.3 Use the welfare benefit system to help eligible low income households to meet the cost of rent and other necessities	
2.4 Increase the FIG local housing pool and set aside a portion specifically for lower income households	
3. Affordability of home ownership in Camp	3.1 Increase the JGMS cap for first time home buyers in Camp
4. Affordability of home ownership for lower income residents	4.1 New home buyer saving scheme
	4.2 Sale of older FIG properties to low income buyers or existing tenants at cost recovery
	4.3 FIG low income rent-to-buy scheme
5. Housing quality and suitability	5.1 Implement a moratorium on caravan/mobile home parks and improve standards in existing homes
	5.2 Allow some additional caravan homes, but implement standards for basic construction, energy efficiency and safety
6. Security of tenure	6.1 Implement landlord & tenant protection regulations
7. Completeness of information on Falkland Islands housing stock	7.1 Develop a comprehensive property register for all houses in the Falkland Islands
	7.2 Implement a mandatory, annual rental housing survey

PP1. Insufficient supply of rental housing in Stanley

The first Policy Priority relates to the insufficient availability of rental housing in Stanley.

We identify the following **main causes**:

- a. inadequate supply in the private market;
- b. increasing proportion of temporary (work permit) residents on total population;
- c. restrictions on home ownership for temporary (work permit) residents that make it difficult for non-permanent residents to purchase their primary residence;
- d. FIG capacity to commission and deliver public housing, particularly on accelerated timelines;
- e. cost and availability of resale homes or serviced land for purchase by existing renters.

There are two **overarching solutions** to address this Priority:

- A. reduce demand for rental accommodation; and
- B. increase supply of rental housing.

Both solutions will likely need to be deployed and each can be addressed in a number of ways.

A. Reduce demand for rental accommodation

Option	1.1	Provide further incentives for first time home ownership
Option	1.1(a)	Accelerate creation and release of more serviced plots for subsidised purchase in Stanley, with option to create smaller plot sizes

Benefits

- Provides more opportunities for first time buyers to build their own home, eventually reducing pressure on the rental market as existing renters become property owners.
- This programme has proven to be both popular and effective in supporting home ownership in the past.
- The private home construction sector has proven adept at serving this market.
- If smaller plot sizes are made available, this could be an attractive option to lower income residents as there is an opportunity to increase affordability for purchase, construction and ongoing ownership costs such as maintenance and fuel.
- The availability of more, and smaller, plots could drive down competition and increase land affordability.

Challenges

- The proportion of the population that would qualify for this incentive is shrinking, so it is unlikely that sufficient rental supply can be released through this action alone.
- At existing plot sizes, additional release of serviced plots for subsidised purchase would likely reduce the serviced land available for building FIG-commissioned rental housing.
- Existing competition makes land affordability itself an issue, even with the FIG land subsidy.
- Based on shifting demographics, we predict that demand for rental accommodation will grow at twice the rate of demand for owner-occupied homes.
- Requires that FIG continue to spend on developing new serviced land, rather than encouraging the private sector to invest in speculative housing development.
- The direct cost to FIG is significant, but not as high as the cost to commission and build new houses directly.

Option 1.1(b) Set aside a higher percentage of each residential land release for qualified lower income first time buyers

During the last major release of land in late 2018, 43 serviced plots were released for private home building (an additional 15 plots were set aside for FIG-owned housing). Of these, 10 (23.2%) were reserved for individuals on the first-time buyers scheme waiting list, to be purchased at 25% of FIG cost.

First time buyers are also preferentially eligible to submit bids during the competitive round, and in 2018 all bidders were successful in obtaining land.

However, the competitive round often results in bid prices that are significantly higher than the base bid of 25% of cost, which can be difficult to afford for lower income buyers. Making a higher percentage of plots available for the first time buyers scheme and possibly prioritising the waiting list by means-testing, would help to ensure lower income buyers are not disadvantaged.

Benefits

- Would align with the original intent of the programme to support first time buyers entry into the housing market.
- Some application of means testing to prioritise lower income households on the first-time buyers list would direct the greatest level of benefit to those with the highest need.
- Could move renters out of FIG accommodation more quickly, freeing up housing for more households in need.

Challenges

- Means testing requires an additional administrative burden and status will need to be verified and updated regularly.
- Prospective buyers would still have to meet all mortgage eligibility requirements.
- Reduced revenues for FIG and increased pressure to provide serviced land.

Option 1.1(c) Provide equivalent incentives for first-time buyers purchasing in the resale market

This option would provide first time buyers with incentives to purchase and renovate existing properties in Stanley and Camp, equivalent to the subsidy available for first home construction – (i.e. 75% of the FIG cost of serviced land). Additional incentives could be made available for rehabilitation or demolition and rebuild of derelict housing stock.

This option could also be made available as a targeted incentive for the private sector to purchase and renovate homes for sale to qualified lower income or first home buyers.

Benefits

- Equally available for both Stanley and Camp residents.
- Could encourage vacant properties into the housing pool and eventually free up rental properties, as existing renters become property owners.
- Could result in quicker release of rental housing, if resale homes do not require renovation.
- Rehabilitation of substandard or uninhabitable housing stock in central Stanley will benefit the entire community and maximise use of already existing infrastructure.

Challenges

- There is a shortage of all skilled construction trades and contractors across the Falkland Islands, and it may be difficult to get renovation work completed in a timely and satisfactory manner.
- There is also a shortage of architects and engineers that could advise on renovations.
- Could be more complex to get planning permission, depending on the location of the property and the proposed renovation.
- Could strain existing, older infrastructure, including roads, water and sewer.

Option 1.2 Remove or relax restrictions on home ownership for work permit holders

Option 1.2(a) Allow managed access to house purchase with restrictions

Although restricted access to home ownership can take many forms, the following restrictions and features would serve to minimise possible harms related to foreign ownership of land:

- Available to workers on contracts of 3 years or more.
- Purchase of existing (resale or new) housing only in the private sector.
- Purchaser must occupy the home for a minimum period.
- Minimum 25% down payment (consistent with the requirements of the SCB variable rate mortgage and similar to requirements in other markets for non-government guaranteed mortgages).
- Could feature specific ownership structures such that foreign ownership of a principal residence in the Falkland Islands is controlled and the risks are mitigated:
 - For new arrivals to the Falkland Islands, original purchase could provide for a 50-year life interest in the property which can be sold back to the Falkland Islands Government at the lower of the current or originally independently assessed value, should they move away from the Islands in less than 3 years;
 - Once the homeowners have resided in the Falkland Islands for more than 3 years and/or have obtained PRP, they can apply for conversion of the life interest into a full license to hold land, with full rights of ownership.
- It is not recommended that unrestricted access to home ownership be implemented immediately for work permit holders as there are insufficient safeguards in place.

Option 1.2(b) Allow managed access to home ownership for new arrivals, including purchase of serviced land for housing construction

A different option for restricted home ownership would add the option of purchasing serviced land for new home construction:

- Could allow purchase after 1 year of residence, provided an employment contract of at least 4 years.
- If this is advantageous to the Falkland Islands, FIG could consider providing a small incentive (such as purchase of land at 75% of serviced cost) for work permit holders who commit to seeking PRP after 3 years – with incentive recoverable by FIG if property is sold and the owner leaves the Falkland Islands within 5 years of purchase.

Benefits – Options 1.2(a) and (b)

- Encouraging home ownership for new arrivals to the Falkland Islands is a potential way to reduce demand for house rentals.
- Placing restrictions on eligibility could have the effect of encouraging some potential new arrivals to consider their move to the Falklands as permanent.
- Would be of interest primarily to higher skilled, higher wage workers.
- Maintaining restrictions on resale, as well as a staged approach to full ownership during an initial period will help to mitigate the risk of flipping, profiteering or absentee landlords.
- Allowing new arrivals to purchase homes will strengthen the resale market and encourage some private sector owners of vacant properties to bring these to market.
- Would provide new demand that could stimulate private sector housing development to construct a small stock of new homes that can be sold into the market or made available for rent.

Challenges – Options 1.2(a) and (b)

- Will be of interest only to a portion of new arrivals to the Falkland Islands and will not significantly reduce the need for new rental housing in the short term.
- While there may be concerns about discrimination under the Constitution, the Falkland Islands already restricts home ownership through its application processes for a licence to hold land. Positive discrimination is allowed under the Constitution if there is a compelling reason and there is precedent from other UK jurisdictions, such as the Crown Dependency of Jersey, where different residential/employment statuses confer differential rights for housing (see Appendix 1).
- Could become complex to regulate or administer, although we could learn from our sister jurisdictions.
- Would likely require a specialist position within FIG to administer -which could be paid for through a fee levied on applicants to cover the cost of administration.
- Could drive up the cost of resale homes in the short term, if housing supply does not increase in response to demand. Careful monitoring will be required.

B. Increase supply of rental housing

Option 1.3	Provide incentives to existing property owners to improve vacant, partially complete or derelict properties and bring them into the rental market
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Option 1.3(a)	Provide financial or tax incentives to bring vacant houses into the rental market
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- Consider grants tied to affordability – for example a commitment to lease properties at no more than 110% of FIG average rental for similar size and age of accommodation.
- Grants should be tied to timing – with added incentive for renovating existing buildings and bringing into the rental market within 12 months.
- Instead of grants, a time-limited accelerated depreciation scheme could be offered for landlords with multiple properties. As an example:
 - 100% first-year depreciation of renovation/completion costs for units of acceptable quality brought into the rental market within 12 months;
 - 50% straight line depreciation of renovation costs for units of acceptable quality brought into the rental market within 24 months.

Option 1.3(b) Impose penalties on property owners who maintain vacant or partially completed properties

FIG could consider imposition of penalties on property owners who keep habitable houses vacant for more than twelve months or who do not complete partially constructed houses. Exceptions can be made for registered second homes (for example, for Camp residents who maintain a property in Stanley). Penalties can be structured to accelerate over time.

Benefits – Options 1.3(a) and (b)

- Could bring unavailable properties into the rental market fairly quickly.
- Discourages landlords from holding housing back until renters are willing to pay rents that are much higher than existing levels.
- Encourages landlords to complete partially constructed homes and bring them into the rental market quickly, rather than waiting for future high demand conditions.

Challenges – Options 1.3(a) and (b)

- Penalties are likely to be seen as interventionist and unwarranted by property owners.
- The shortage of skilled construction trades and contractors, as discussed above, also applies as a constraint here.
- Would require FIG monitoring to calculate annual affordable rent caps and landlord reporting to ensure that they maintain their commitment to affordable rents.
- Does not overcome concerns expressed by some owners that renting is not worth the potential problems if rental rates are not sufficiently high.

Option 1.4 Increase pace and investment in FIG rental housing construction

In practical terms, there are few options available that could accelerate the pace of FIG housing construction, due to a shortage of construction labour across all skill levels and a shortage of accommodation that limits use of foreign labour. However, recent decisions to secure accommodation for temporary, unaccompanied workers should help to alleviate one cause of the construction worker shortage.

Benefits

- Would ensure new rental housing is offered at affordable rates and is of a consistent quality and standard.
- Could accelerate the pace at which FIG can choose to divest of older houses (although this would counter efforts to increase overall rental housing availability).
- FIG capital investment could attract new construction companies to enter the market, particularly from overseas.

Challenges

- Recent experience has demonstrated limited appetite from overseas companies, despite considerable effort by FIG.
- Over the last two years, FIG has allocated considerable additional capital budget to accelerated housing development but has experienced delays in delivery.

- Allocating additional capital budget to housing will divert investment from other necessary economic and social infrastructure such as the new port, power station and air terminal.

Option 1.5 Change the mix of rental housing to include more multi-unit buildings

While this is a longer term solution, consideration should be given to encouraging construction of affordable, good quality, multi-unit buildings suitable for singles, active seniors and young couples.

Benefits

- This change would respond to the expected demographic shift to more single person households.
- Availability of this type of housing could replace demand for caravans and additional mobile home parks.
- Heating costs for flats/apartments are typically lower than for stand-alone or semi-detached dwellings, making costs more affordable to lower income households.
- Construction and operation of this type of building could be more cost-effective and attractive to potential developers.

Challenges

- May require modifications to the building code and regulations to ensure appropriate safety and quality standards.
- Is a deviation from existing expectations and practice in Stanley.
- Would have to consider effects on infrastructure to ensure no negative consequences.

PP2. Affordability of rental housing in Stanley

The main **causes** for high rental prices in the private rental market include:

- insufficient housing supply and lack of competition in the private market, leading to higher than expected market rents;
- growth in the FIG contractor pool, which has priority access to FIG housing;
- FIG capacity to commission and deliver new public housing in a timely manner;
- previous experience of uncontrolled housing demand during oil campaigns has led to expectations of windfall rents and reluctance to rent into the local market at reduced rates even though the campaigns ended in early 2016.

To address the challenge of affordable rental housing, four Policy Options are proposed:

- 2.1. provide incentives for private, affordable housing;
- 2.2. implement rent controls;
- 2.3. use the welfare benefit system to help eligible low income households to meet rental costs both in FIG accommodation (as is currently available) and in the private sector; and
- 2.4. increase the FIG local housing pool and set aside a portion specifically for lower income households.

Option 2.1 Incentives for private affordable rental housing

There are few countries in the world where government is the primary provider of rental housing or affordable housing in the market. Although the Falkland Islands is likely too small to support the establishment of not-for-profit, arms-length housing corporations, incentive schemes could attract some private sector

provision of affordable housing. This in turn could reduce the need for government participation outside of social housing provision.

Features of an incentive programme could include:

- Value of incentive could be tied to rental rates – for example a basic incentive could be offered for housing offered at 110% of FIG median rates, with higher incentives available for housing offered at rents equivalent to 90% or 100% of FIG median rates.
- Tied to meeting minimum quality and home efficiency standards.
- To qualify for incentives, landlords should agree to a code of tenant rights including:
 - protection from eviction except in case of persistent non-payment of rent or significant damage to property;
 - option of one-year or short term lease, at the tenant's preference, with automatic right to renew subject to satisfactory payment of rent and good conduct;
 - annual rental increases no higher than the 12-month RPI increase except where a necessary and substantive improvement to the quality of the building or unit has been made.

Three types of incentives could be considered:

Option 2.1(a)	Loan guarantees to help local firms raise financing for affordable housing development
Option 2.1(b)	Tax incentives, through accelerated depreciation, for construction or renovation of existing buildings
Option 2.1(c)	Sale of serviced land at reduced cost for affordable housing development only – with provisions for claw-back by government if construction is not completed within a promised timeframe

Benefits – Option 2.1(a), (b), and (c)

- Loan guarantees have been demonstrated effective in the UK as one of the only government actions in recent years that has resulted in increased affordable housing construction.
- Incentives are less costly to government than investment in construction and would free up capital and resources for use in other infrastructure priorities.
- Would allow the government to introduce regulation into the rental market.
- Could introduce innovation into the rental market – in the form of new design, construction methodology, energy efficiency, etc.
- Private sector investment could speed up delivery of housing units – particularly if additional construction capacity is introduced at the same time (for example, through foreign partnerships).

Challenges – Option 2.1(a), (b), and (c)

- Could result in the creation of a private rental sector monopoly if there is interest from only a single investor.
- Incentives could be resource-intensive to administer if overly complex.
- Would require the development of landlord-tenant regulations to limit predatory behaviour.
- Would require ongoing monitoring to guard against land-banking (in the case of land incentives) and to ensure that commitments are being honoured.

- Could divert private sector capital and expertise away from other productive areas of the economy such as commercial and industrial development.

Option 2.2 Implement rent controls in the private sector

In order to reduce the likelihood of predatory landlord behaviour in the case of another demand spike, such as was seen during the 2015/16 oil exploration round, FIG could implement rent controls on the private sector, ideally as part of a package of landlord-tenant protections.

If applied retroactively to unilaterally reduce existing rental rates, we believe this action would result in withdrawal of existing rental units from the market, as well as the cessation of new rental housing construction. Therefore, this option is likely to further constrain rental housing supply, placing further pressure on FIG to play an even greater role in rental housing provision.

However, in the absence of a well-functioning rental market, which would see supply develop in anticipation of demand, some form of tenant protection is desirable and likely necessary. FIG should work with the private sector to agree the features of either a voluntary or regulated code that would provide measures of predictability, protection and fairness.

Option 2.3 Use the welfare benefit system to help eligible low income households to meet the cost of private sector rent

Under current income support mechanisms, which are in the process of being reformed, very low income households in FIG accommodation are eligible for rent and fuel rebates but those in private-sector housing are not. As the FIG social (local) housing pool is currently insufficient to meet demand, this has the effect of doubly penalising low income households that can only find accommodation in the private sector.

Under this option, rather than intervene in regulating rental rates, FIG would use the mechanism of the welfare system to help low income households afford the cost of rent. This reform is included as part of the welfare reforms recently approved by ExCo and expected to come into force in 2020.

Option 2.4 Increase the FIG local housing pool and set aside a portion specifically for lower income households

Currently, FIG has prioritised adding to its contractor housing pool to accommodate the increasing number of FIG work permit holders required to provide necessary services to the Falkland Islands population.

PP3. Affordability of home ownership in Camp

Anecdotal evidence suggests that some prospective new Camp residents have difficulty in assembling the required down payment and/or in demonstrating sufficient income to qualify for a mortgage.

There is evidence that costs to build new homes in Camp can be from 30 – 45% higher than a comparable property in Stanley. This would suggest that the cost of a new 3-bedroom home could be between £156K and £174K. Although Camp residents are eligible for both the Joint General Mortgage Scheme and the Variable Rate Mortgage Scheme, the rules governing minimum down payment and available FIG guarantee are based on the value of construction in Stanley, with the

JGMS capped to a house value of £120,000.²⁶ In addition, all borrowers must demonstrate that their incomes will keep them within the maximum debt servicing ratio of 50%.

Therefore, while FIG policy is to guarantee up to 50% of a Camp JGMS mortgage, this would in reality be capped at £57,000 (50% of £114,000). The effective guarantee therefore, if the average price of an equivalent build in Camp is £156,000, would be 40% of the mortgage value.

Increasing the JGMS cap for 1st time home buyers in Camp might represent a potential solution to this issue.

Option	3.1	Increase the JGMS cap for first time homebuyers in Camp
		<ul style="list-style-type: none">• It is suggested the FIG Treasury work with the SCB and FIDC to establish a cost-to-build benchmark for each of the East Falklands, West Falklands and the Outer Islands.• Once this benchmark is established, FIG should work with SCB to understand the implications of raising the JGMS cap for first-time Camp home buyers, in order to reflect the higher average cost of house building so that a higher percentage of the overall property value could be subject to the 5% down payment requirement.• If FIG maintains its 50% guarantee for Camp properties, this would imply a higher guarantee would need to be provided to the bank, with the associated risk factors.• The treatment of any direct grants would have to be considered and rules established in advance.
		<p><i>Benefits</i></p> <hr/> <ul style="list-style-type: none">- Would be seen to be more equitable to Camp residents and would respect the intent to provide meaningful FIG support to first home buyers.- Would support long-standing Islands Plan objective to actively encourage and support living in Camp.

PP4. Affordability of home ownership for lower income residents in Stanley

Although the evidence presented suggests that home ownership would be affordable for most Falkland Islands households, based on average new home values and monthly mortgage costs, this is not the case at every income level. In particular, households with incomes of less than £30,000 would likely not meet the borrowing limit imposed by SCB for a £120,000, even though they might meet the monthly payment threshold. There is a real risk that these households will be permanently priced out of home ownership if lower cost housing is not available.

Given the limited supply of serviced land for sale, coupled with strong demand, the tendered bids for residential plots have been rising – reducing the effectiveness of the first-time buyer land rebates to support affordable home ownership. The same is true in the resale market, where limited availability has been driving higher prices. These factors mean that some families will find it harder to accumulate the necessary down payment to allow them to construct or purchase a home. They also mean that FIG and SCB should be regularly reviewing the overall JGMS mortgage cap, to make sure that it continues to reflect an achievable home purchase value.

There is considerable risk in reducing initial down payment requirements below the existing 5% for first time home buyers, or in reducing the minimum debt service ratio that currently exists. To date, the mortgage programme has an excellent track record of no mortgage foreclosures or serious

²⁶ To illustrate, the down payment required for a qualified buyer's first home construction of a 3-bedroom house could be as high as £15,000, assuming a cost to build of £156K. This is 2.5x the down payment required for an equivalent Stanley property based on the average new home value (including land) of £120,000.

delinquencies, which is evidence that borrowers have been able to afford the obligations they have taken on. Allowing a higher debt service ratio or an even more highly leveraged mortgage could lead borrowers into taking on monthly costs that they cannot afford. Therefore, we suggest that this option is not prudent.

We have identified three Policy Options that could help to mitigate or resolve this issue, namely:

- 4.1. introducing a first home buyer saving scheme;
- 4.2. sale of older FIG properties to low income buyers at cost recovery; and
- 4.3. introducing a FIG low income buyer co-investment scheme.

Option	4.1	First home buyer saving scheme
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- FIG could work with SCB to develop a registered home buyer saving scheme whereby taxpayers could save up to £2,000 per year (for a period of 5 years to be used towards the purchase of a first home. A higher maximum annual contribution and accumulation may be appropriate for Camp residents.
- Payments into the scheme to be deducted from taxable income in the year they are made.
- Accumulation of up to £10,000, plus accumulated interest, over 5 years. For a 2 income household, the accumulation could be as much as £20,000.
- Withdrawal from the scheme must be to put towards the purchase of a first home in Stanley or Camp.
- If funds are withdrawn for another purpose, they will be fully taxable as income in the year they are withdrawn.

Benefits

- Provides support for savings at nominal cost to FIG (average foregone personal income tax of approx. £520 per individual per year).
- Provides a mechanism to increase affordability for a greater number of households.
- Once the programme is set up, provides flexibility to increase or decrease maximum annual contributions based on house price trends.

Challenges

- Could require a legislative framework to set up and regulate the scheme, for potentially only a small group of users.
- Will require administrative changes to the personal tax reporting system.
- Will require coordination with SCB to offer the specialised savings accounts as part of their suite of products in the Falkland Islands.

Option	4.2	Sale of older FIG properties to current low-income tenants, at cost recovery
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It has been suggested that FIG could sell some of its older properties to long-term, low income tenants at a discounted price that is no greater than cost recovery. This could provide a potential option for home ownership for lower income residents currently in FIG housing. Should this option be pursued, a housing survey should be conducted amongst FIG tenants to pre-determine potential interest and ability to afford.

Benefits

- Divesting of older properties could relieve FIG of the need to invest in extensive refurbishing or renovation in order to bring these homes to current standards.

- Could provide an affordable option for those in low income households who can afford monthly mortgage payments if the home purchased was significantly below the current average house price.

Challenges

- This option would reduce FIG's available social housing stock even further and would not be recommended without a concurrent commitment to investment in replacement housing (as there is still a waiting list for FIG housing).
- FIG could be accused of selling houses it knows are in need of extensive refurbishment or repairs, to households who may not be able to afford the maintenance and upkeep. This could eventually pose building safety concerns.

Option 4.3 FIG low income rent-to-buy scheme

In order to support lower income buyers in saving for a first home, FIG could designate a percentage of all its new builds as 'affordable housing', to be made available to the local community on a rent-to-buy basis.

- As a pilot project, FIG could begin by designating 10% of its planned new housing as rent-to-own.
- Priority could be given to those currently in local pool (social) housing and those living in non-nuclear households (i.e. with parents or friends), as well as to first-time buyers with incomes below the median Falkland Island annual income for their household configuration.
- Prospective participants should have demonstrated ability to make afford monthly housing payments.
- To illustrate, rental on these properties could be set at cost + 15%.
- The additional 15% would be deposited into a tenant savings fund, to be used as a down payment towards the eventual purchase of the unit they are occupying after an agreed period of time.
- Value of the property could be set at actual construction costs plus 25% of serviced land cost (equivalent to the existing first-time buyer programme). To support affordability, FIG cost of capital/borrowing might not be included in the property value, but should be noted as a 'grant' to the eventual owner to accurately reflect the cost of this support programme to FIG.
- Rent-to-buy properties will be maintained by the tenant who will be the eventual owner.

Benefits

- Rent-to-buy schemes have proven effective in the UK and other jurisdictions in supporting lower income households into home ownership.
- If applied to new FIG accommodation, home buyers will have access to energy efficient new homes with lower maintenance costs.
- The scheme will reduce FIG maintenance requirements for these designated properties.
- Has the potential to free up houses in the social housing pool, making affordable housing available to those currently on the waiting list.

Challenges

- This scheme would be administratively complex and entail some risk of default or poor maintenance on the part of the tenant.
- Would require a legal contract between FIG and the tenant, setting out the terms of the co-investment as well as the consequences of default.

- FIG would need to work with SCB early in the process to establish the value of the property and ensure that the tenant would eventually qualify for a mortgage.

PP5. Housing quality and suitability

Most Falkland Islanders rated their own housing as either good or fairly good, both in Stanley and in Camp. Notwithstanding, it is recognised that housing quality is variable in Stanley and Camp and particularly that some accommodation in the mobile home park is substandard, as are some older FIG 'cabins'. In addition, public infrastructure in the mobile home park is not to the same standard as in other Stanley neighbourhoods.

There have been accounts of overcrowding in some houses which can be seen as an issue of housing suitability, as well as increasing safety risks. Reportedly, overcrowding is due to limited availability of suitable options, and possibly to some private sector employers attempting to minimise their costs to house lower wage foreign workers. It is suggested that this issue be considered when developing landlord/tenant regulations, described as Priority 6.

Option	5.1	Implement a moratorium on caravan/mobile home parks and improve standards in existing homes
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- Work with owners of existing caravans, particularly in the rental market, to meet minimum building standards within 5 years.
- Consider providing small renovation grants to help individual owners improve their caravans to minimum safety and comfort standards.
- Commit to FIG providing infrastructure improvements to minimum neighbourhood standards within 5 years.
- Develop planning guidelines and possible incentives to build alternatives to caravan/mobile homes that meet demand for lower cost basic accommodation and single bedroom units, including flats or multi-unit dwellings.
- Consider designating some land for higher density housing to reduce the cost per square metre.

Benefits

- Would result in improvements to the existing caravan park and would promote permanent alternatives for low income housing.
- Would ensure that all residents of Stanley receive a standard of public service.

Challenges

- Would require resources to identify, communicate and enforce minimum standards for existing homes and may require legislative tools or grants to incentivise improvements.
- Would require resources to improve public infrastructure.
- Would require government resources to develop planning guidelines for low income housing alternatives suitable to the Falkland Islands.
- Some individuals may prefer to live in caravan housing rather than multi-unit buildings.

Option 5.2 Allow some additional caravan homes, but implement standards for basic construction, energy efficiency and safety

- Some residents of the mobile home park are there by choice rather than necessity alone and may prefer to have a standalone unit, however small, over accommodation in an apartment building.
- Therefore, this housing may fill a small but necessary market niche and therefore will continue to be the choice of some, into the future. This includes homeowners who may want to put a caravan on their property to house extended family members such as aging relatives.
- It may be appropriate to limit permits for new caravan homes to individuals, rather than for landlords.
- For this segment, standards should be implemented to ensure these homes meet appropriate safety and quality standards.

Benefits

- Recognises and respects individual choice.
- Limiting this option to individuals rather than companies will encourage the latter to construct better quality housing for their own temporary staff.
- Minimum standards will reduce the creation of 'slums' – poorly maintained, undesirable and low quality housing.

Challenges

- Would require resources to identify, communicate and enforce minimum standards.
- Public perception of caravan parks as undesirable may lead to criticism if new caravan park development is designated.

PP6. Security of Tenure in Rental Accommodation

Option 6.1 Landlord/tenant protections

With the increased participation of the private sector in the housing rental market, it will be important to ensure that adequate safeguards are in place to protect both tenants and landlords from unreasonable behaviour. This could take the form of regulation or voluntary adherence to a landlord code of practice.

Such protections might include:

- Execution of a standard lease agreement.
- Default one year tenure, except by mutual agreement.
- First right of refusal for renewal.
- Rent increases limited to once per year and based on inflation plus recovery of costs for necessary premises improvements.
- Grounds for eviction in case of tenant misbehaviour (non-payment of rent, disturbance, damage to property, etc.).
- Three month notice period of intention to renew or vacate.
- Maintenance and repair obligations for both parties.

Benefits

- Would reduce opportunities for opportunistic behaviour in the event that super-heated rental demand recurs.
- Would provide assurance to tenants.
- Would provide assurance to landlords.

Challenges

- Difficult to enforce a voluntary code in the case of individual landlords with only a few units on the market.
- Could further discourage some landlords from putting vacant properties on the rental market, in order to be ready for anticipated 'super-heated' demand.
- If landlord-tenant protections are regulated, this will create a significant burden for FIG in monitoring and enforcement, even if a complaint-driven monitoring protocol is implemented.

PP7. Completeness of information on Falkland Islands housing stock

Data limitation was a serious challenge when trying to estimate current housing supply, in the absence of a comprehensive and up-to-date Property Register. At the moment, information is scattered across several FIG Departments and is both incomplete and inconsistent – resulting in significant limitations in developing a complete and accurate picture of existing housing stock.

Reliable information is critical to facilitate planning and to help ensure that FIG resources are used efficiently and effectively and are directed to the right problems. We suggest that two sources of information be developed:

- 7.1. develop and maintain a comprehensive property register for all houses in the Falkland Islands; and
- 7.2. develop and implement a mandatory, annual rental housing survey.

Option	7.1	Develop and maintain a comprehensive property register for all houses in the Falkland Islands
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- A comprehensive Register would ideally include information on the whole existing housing stock, detailing housing units by tenure (rented or owner-occupied), type of dwelling, number of bedrooms, occupancy, age, etc.
- This Register would be the responsibility of the Planning Department and would link to relevant databases such as planning permissions, certificates of occupancy, service charges, etc.

Option	7.2	Develop and implement a mandatory, annual rental housing survey
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- The intent of the survey would be to have an annual list of rental rates for every rental unit in Stanley and Camp.
- This information could be most efficiently collected as part of the tax return system – requiring any individual or company reporting residential rental income to fill in a short form indicating size of unit(s), number of occupants and monthly rent at January 01 (or whatever date is deemed most appropriate). Data from these reports could be input by the Tax Office or by the FIG Economist, whichever is more appropriate.
- Data would be compiled and anonymised and reporting would be aggregated to provide average, minimum and maximum rents. The survey would also provide information to calculate vacancy rates.

Appendix 1

Residential/employment status categories in Jersey

Residential / employment status	Definition	Housing	Work
Entitled	Someone who has lived in Jersey for 10 years (more details below)	Can buy, sell or lease any property	Can work anywhere and doesn't need permission to be employed
Licensed	Someone who is an 'essential employee'	Can buy, sell or lease any property, apart from assisted purchase or social rented housing, in their own name if they keep their 'licensed' status	Employer needs permission to employ a 'licensed' person
Entitled for work	Someone who has lived in Jersey for five consecutive years immediately before the date the card is issued, or is married to someone who is 'entitled', 'licensed', or 'entitled for work'	Can buy property jointly with an 'entitled' spouse / civil partner. Can lease 'registered' (previously 'unqualified') property as a main place of residence.	Can work anywhere and doesn't need permission to be employed
Registered	Someone who does not qualify under the other categories	Can lease 'registered' property as a main place of residence	Employer needs permission to employ a 'registered' person