

An Analysis of the Guernsey Housing Market

by

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Submitted to the Department of Urban Studies and Planning in Partial Fulfillment of the  
Requirements for the Degree of Master of Science in Real Estate Development

at the

Massachusetts Institute of Technology

September 1999

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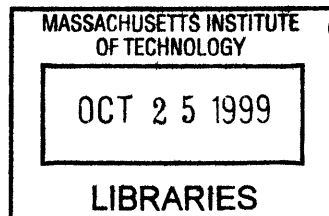
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## ABSTRACT

The housing market on the island of Guernsey has been shaped by policies and traditions that have evolved over an extended period. The purpose of this research is to analyze this market and provide a framework with which to assess future economic and policy scenarios. An historic overview of Guernsey is followed by a description of housing supply and demand, housing policies, and results and conclusions.

Analysis of data available over time is undertaken wherever possible. The most important features of the Guernsey housing market are explored, including trends in employment, households, household income, mortgage interest rates, property taxes, new construction, conversions, demolitions, the housing stock, housing prices, and rents. The impact of non-local employees on the housing market and the recent growth of international business are given special attention, along with the legacy of past housing policies. It is hoped that this study of the Guernsey housing market can add to the understanding of housing markets in related island settings. A brief comparison is made with housing in Bermuda.

Thesis Supervisor: Henry O. Pollakowski  
Title: Visiting Scholar

Thesis Supervisor: William Wheaton  
Title: Professor of Economics

## **Acknowledgments**

I would especially like to thank Professor Henry Pollakowski, my mentor and advisor, for his guidance and insight and many thoughtful discussions for this project and one in Bermuda.

I would also like to thank John Soininen, my classmate, for our discussions on “island” resort issues while we were both doing similar analyses, his on the Aspen housing market.

I would like to thank everyone I have dealt with in Guernsey. In particular, I would especially like to thank Geoffrey and Heather Norman, Tim Brown, Steven Langford, and Mike Gathercole for all the information and advice to make my trip to Guernsey most productive. I would also like to thank Iain Shepherd, Barbara Bartie, Damon Hackley, John Dickson, Stuart Bailey, Steve Butterworth, Granville de Cruz, David Preston, Matthew Henry, Kelvin Seeds, Andy Bisson, and Neil Robilliard for their perspectives and knowledge about Guernsey.

On a personal note, I would like to thank my family and friends for their friendship and support throughout the years, in particular, my parents, Peter, Paul, Vanessa, Greg, Olivera, Kwee San, and Shinobu.

## Table of Contents

<b>Abstract.....</b>	<b>2</b>
<b>Acknowledgments.....</b>	<b>3</b>
<b>I. Overview of Guernsey.....</b>	<b>6</b>
1.1 Introduction.....	6
1.2 Size, Location, and Background Information.....	7
1.3 Population.....	8
1.4 History.....	8
1.5 Geography.....	10
1.6 Economic Environment.....	11
1.7 Taxes.....	14
1.8 Currency Used.....	14
1.9 Government System.....	14
1.10 Unique Aspects of the Island.....	16
<b>II. Housing Supply.....</b>	<b>17</b>
2.1 Introduction.....	17
2.2 Brief Overview of the Housing Market.....	18
2.3 Rateable Value.....	21
2.4 Types of Housing and Housing Stock.....	21
2.5 New Construction.....	23
2.6 Net Conversions and Demolitions.....	25
<b>III. Housing Demand.....</b>	<b>27</b>
3.1 Introduction.....	27
3.2 Employment by Type.....	28
3.3 Non-Local Employment.....	30
3.4 Income Levels.....	32
3.5 Population Growth.....	33
3.6 Life Span of Individuals.....	34
3.7 Household Types and Number of Households.....	35
3.8 Households by Type and Tenure.....	36
3.9 Household Size.....	39
3.10 Consumer Price Index.....	40
3.11 Retail Price Index.....	44
3.12 Mortgage Lender Rates.....	45
3.13 Property Taxes.....	46
<b>IV. Housing Prices and Rents.....</b>	<b>48</b>
4.1 Introduction.....	48
4.2 Housing Prices.....	49
4.3 Rental Rates.....	52

**V. Guernsey Housing Policies.....56**

5.1 Introduction.....56

5.2 History of Housing Controls.....57

5.3 Essential License.....58

5.4 Short-term License.....58

5.5 Length of Licenses.....59

5.6 States Rents and Rebates.....59

5.7 States Home Loan.....61

5.8 Rent Control Law.....62

5.9 Zoning and Future Plans.....63

**VI. Results & Conclusions.....66**

6.1 Introduction.....66

6.2 Housing Controls.....67

6.3 Future Zoning Plans.....70

6.4 Comparison to Bermuda.....72

**VII. Appendix.....75**

**VIII. Bibliography.....82**

## **I. Overview of Guernsey**

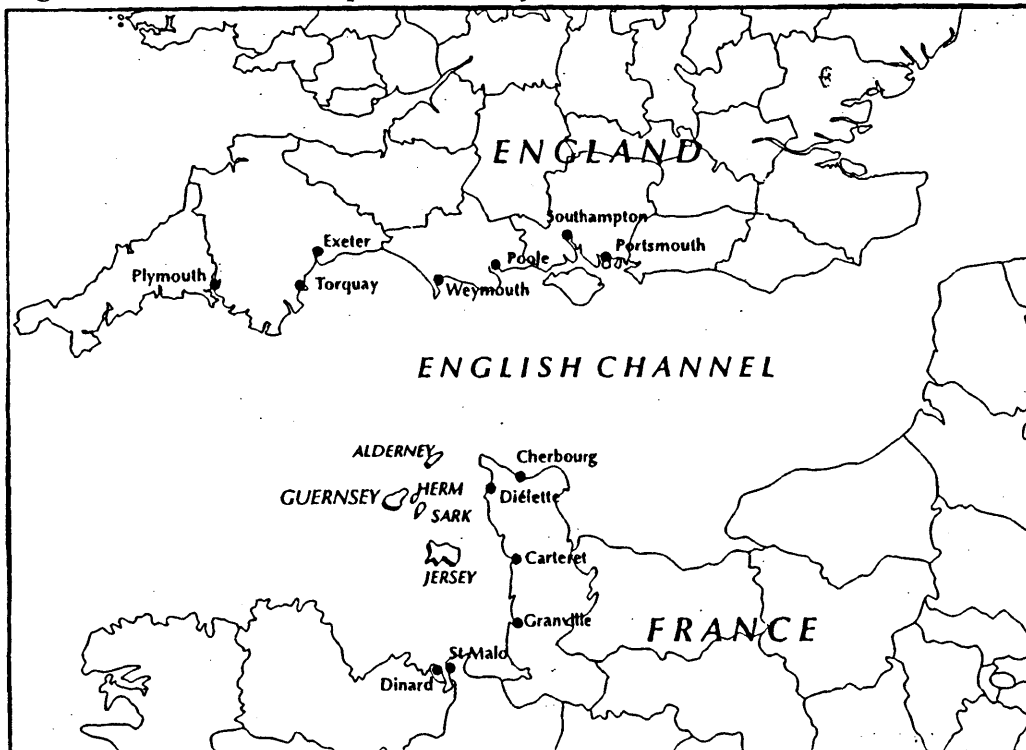
### ***1.1 Introduction***

Culture and history are an important and valuable part of every location and can provide reasons for similarities and differences in places around the world. Guernsey has a unique past that has developed the island into what it is today. To understand the context of why the island works the way it does today, a look at how it has developed over time is useful. An historic overview and other background information about Guernsey are thus presented. This section provides this overview by looking at the size and location, history, population, geography, economic environment, system of government, and other useful information about the island.

## 1.2 Size, Location, and Background Information

Guernsey is the second largest of the Channel Islands. It is located in the English Channel off the northwest coast of France and south of the United Kingdom. It is less than an hour by plane from London's Gatwick airport. Figure 1.1 depicts the location of Guernsey and its surroundings. The capital, St. Peter Port, is where most offices are located. The most populated towns are St. Peter Port and St. Sampson. Guernsey, together with other smaller islands that are dependencies of Guernsey, are called the Bailiwick of Guernsey. These other islands are Alderney, Sark, Brecqhou, and Jethou. They all have their own unique character and are scenic and largely undeveloped. They can be visited from Guernsey by short ferry rides.

**Figure 1.1: Location Map of Guernsey**



Source: Guernsey Tourist Board

The area of Guernsey is approximately 62 square kilometers (24 square miles). The climate is moderate with an average annual temperature of about 47° F (9° C).

The main language spoken is English, although Norman patois was originally spoken and is still spoken in some areas today. This dialect originated almost 1,000 years ago when Guernsey was part of the Duchy of Normandy, and both French and Norman-French dialects were often used.

### ***1.3 Population***

The population is mostly of Norman descent. In 1996, the population was 58,681 in 62 square kilometers, giving an overall population density of 933 people per square kilometer.<sup>1</sup>

### ***1.4 History***

After the treaty of St. Clair-sur-Epte in 933 AD, the Channel Islands became a part of the Norman empire. When William, Duke of Normandy, became William I of England in 1066, the Channel Islands became part of the combined realm of England and Normandy. One hundred and thirty eight years later, King John lost control of many of these territories; however, Guernsey and other Channel Islands remained loyal to the English Crown. Several centuries later, Guernsey was involved in territorial conflicts between England and France -- France made several raids on the Island and built fortresses along the coasts, some of which remain today.

11<sup>th</sup> century documents indicate that the chief landowners were the lords of Saint-Sauveur, the vicomtes of the Bessin, the abbey of Le Mont-Saint-Michel, and the Duke of Normandy.

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<sup>1</sup> Guernsey Census 1996, pgs. 13-14



Historically, Guernsey has not been dominated by any single land-owning family. Commerce grew in St. Peter Port, and later, smuggling and privateering. In the 19<sup>th</sup> century, industrial development was introduced to the island. This sequence of events largely eliminated traces of the feudal landlords' control during this time period.

Germany occupied Guernsey from 1940 to 1945. About 19,000 Guernsey residents were evacuated to England before the occupation, while 24,000 remained on the Island. This time period became an important one that initiated housing control laws that will be discussed later.

Substantial concrete fortifications were built during this time as part of Hitler's Atlantic Wall, most of which remain today.<sup>2</sup>

Guernsey's checkered history led to the development of its own independent legal system and parliament. Today Guernsey is a Crown Dependency. It is largely self-governing, although some, but not all, local legislation needs the Queen of England's assent.<sup>3</sup> The Island can pass some domestic legislation without the reference to the Privy Council -- such laws are called "Ordinances". The Island can also make its own Statutory Instruments, commonly called either "Regulations" or "Orders". It is, however, true that the most far-reaching legislation requires Royal Assent.

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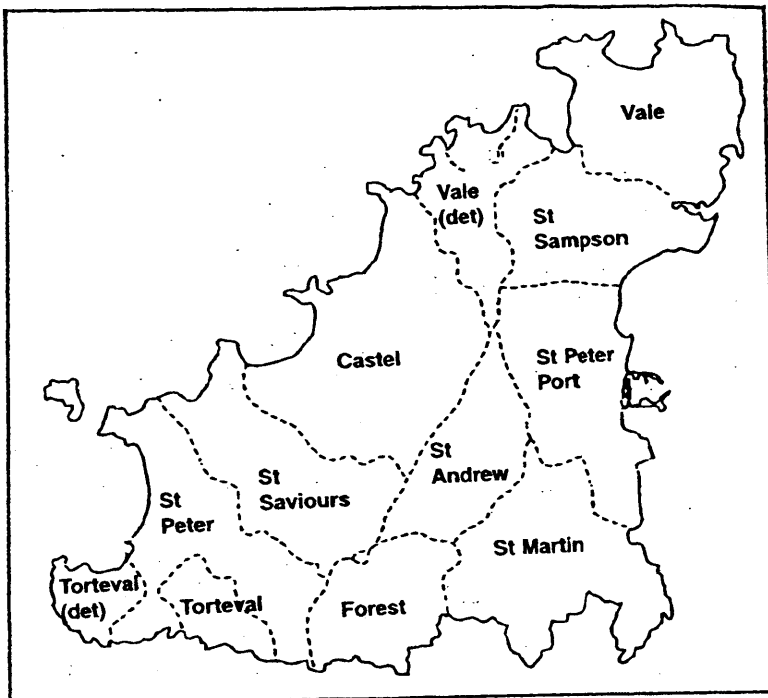
<sup>2</sup> Guernsey's German Fortifications

<sup>3</sup> Guernsey. An Introduction to the Bailiwick of Guernsey, pg. 3

## 1.5 Geography

Parishes (similar to towns in New England) divide the island into different parts. Local administration is conducted by elected councils (called Douzaines) in each parish, although the island has a central government system. The ten parishes are St. Peter Port, St. Sampson, Vale, St. Saviour, Castel, St. Peter-in-the-Wood, Torteval, Forest, St. Martin, and St. Andrew. They all lie along part of the waterside of the island except for St. Andrew. Figure 1.2 shows the locations of the 10 parishes in Guernsey.

**Figure 1.2: Map of Guernsey and the Parishes**



*Source: 1999 Economic & Statistics Review, pg. 24*

One of the unique natural attractions in Guernsey is its preserved cliff paths, free of traffic, which are especially scenic in the south coast of the island. This is where cliffs rise 350 feet above the sea -- the highest point on the island. On these walks you can pass historic

fortifications and structures, surrounded by trees and greenery, rocks, the bays, and beaches. In addition to scenic views, the south is also famous for its eponymous Guernsey cattle breeding and dairy farming.

On the west coast, there are several sandy beaches and bays. This area is where many fortifications are located and still maintained today. Some of the forts date back to the 16<sup>th</sup> Century with further defenses built in the 17<sup>th</sup> and 18<sup>th</sup> century, followed by several German fortifications from World War II.<sup>4</sup>

The north, with its naturally deep seabed and sheltered ports, has been the focus of the island's shipping identity. The primary shipping areas have been in St. Peter Port and St. Sampson, the latter a loading area for exporting granite from the abundance of quarries in the 19<sup>th</sup> and early 20<sup>th</sup> century. In addition to shipping, the north part of the island has also been known for its market gardening industry, with several hundred acres of glasshouses used to grow tomatoes, flowers, and grapes to be exported to England.<sup>5</sup> While the main area of industrialization is in St. Sampson, St. Peter Port remains the island's main town with most of the office space. It is considered the island's financial district.

## ***1.6 Economic Environment***

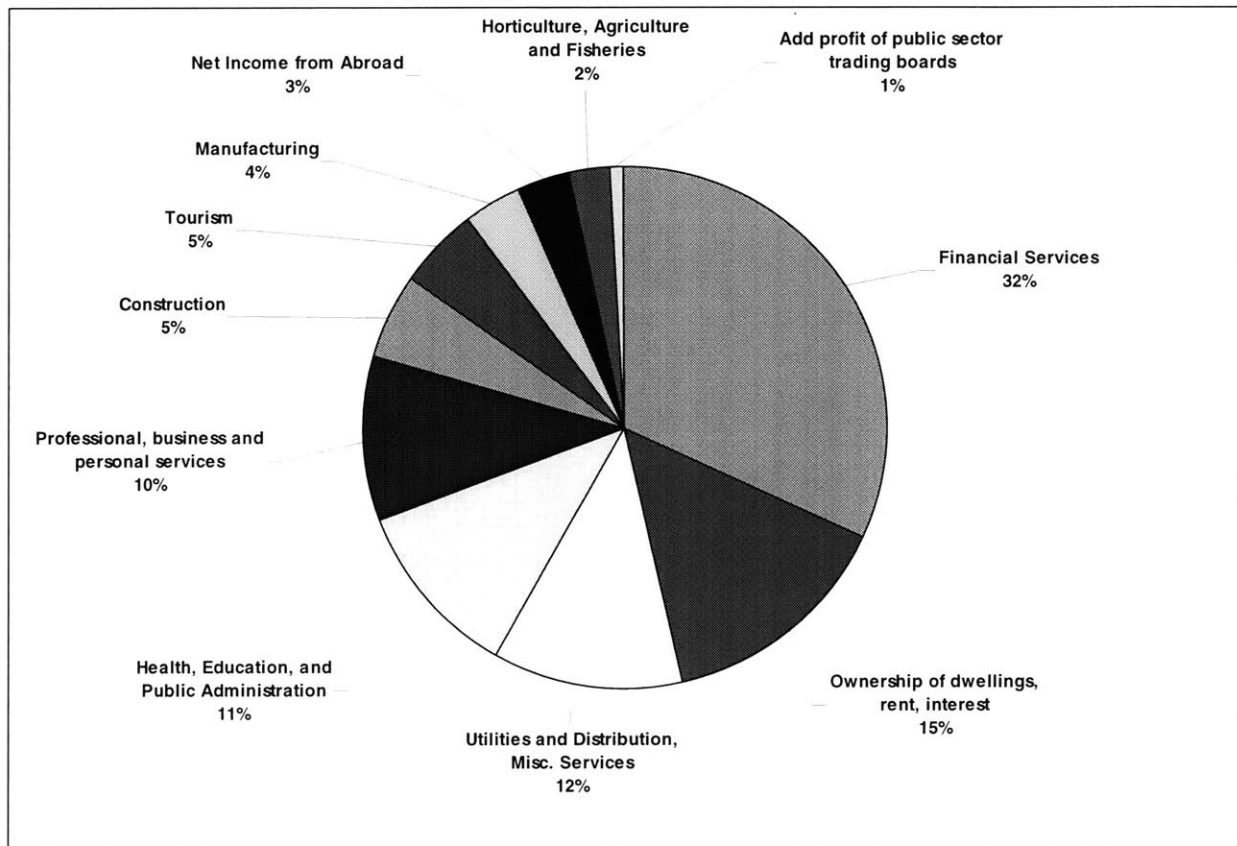
Guernsey is a self-supporting island and does not receive any grants from the British government. The Gross National Product was £1,031,647,000 in 1998 with contributions from the financial services, construction, tourism, manufacturing, horticulture, agriculture, and

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<sup>4</sup> Guernsey. An Introduction to the Bailiwick of Guernsey, pg. 27

fisheries. Figure 1.3 provides a distribution of factors contributing to the Gross National Product.

**Figure 1.3: 1998 Gross National Product**



Source: 1999 Economics & Statistics Review, pg. 53

Historically, Guernsey islanders earned their living by several ways, “from privateering and entrepot trade to growing dessert grapes for the tables of Victorian England,” while tourism developed in the mid-19<sup>th</sup> century, followed by the finance industry during the latter half of the 20<sup>th</sup> century.<sup>6</sup>

<sup>5</sup> During the 1960’s and 70’s, 2,400 acres of glasshouses were devoted to horticulture.

<sup>6</sup> Guernsey. An Introduction to the Bailiwick of Guernsey, pg. 8

Today, cut flowers are the island's main horticulture export. The industry dates back over 200 years, when the growing of grapes in glasshouses began. Production of grapes gave way to the production of tomatoes, and the recognition of the "Guernsey Tom".<sup>7</sup> Due to the tomato industry's growth in the 1950's and 1960's, the island became 15% covered with glasshouses.<sup>8</sup> Given the competition from other countries, in the 1980's flower production became the prominent output of the horticulture industry; today the industry is smaller in size and declining.

Fishing has been a part of the economy in Guernsey dating back several centuries. There are several boats along St. Peter Port, and fishermen provide items including scallops, crabs, lobsters, oysters, and ormer, the Channel Island's own special shellfish.

Dairy farming has also played a role on the island. Its supply of milk is provided exclusively by the world-renowned Guernsey dairy cows that are bred on the island. Today there are people who still "tether their animals in the fields to 'ration' grazing".<sup>9</sup>

At the end of World War II, tourism began to flourish. Guernsey was the first in the British Isles to develop a hotel grading system that encompasses hotels, guesthouses, and other visitor accommodations.

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<sup>7</sup> Guernsey. An Introduction to the Bailiwick of Guernsey, pg. 8

<sup>8</sup> Guernsey. An Introduction to the Bailiwick of Guernsey, pg. 8

<sup>9</sup> Guernsey. An Introduction to the Bailiwick of Guernsey, pg. 9

By 1960, light industry had become a large factor in the economic growth of the island, with over 70 firms involved.

The finance industry developed about 30 years ago. Guernsey's offshore banking, insurance and fund management activities have made the island a major player on the international financial scene. Financial services contributed 32% of the GNP in 1998.

### ***1.7 Taxes***

Low tax rates in Guernsey attract companies and individuals to Guernsey and the other Channel Islands. Corporate tax rates can range from 2% to 20% while the individual income tax is fixed at 20%. There are no capital gains, inheritance, capital transfer, Value-Added-Tax (VAT/TVA), or withholding taxes.

### ***1.8 Currency Used***

Today, Guernsey currency is the same as in the United Kingdom, 100 pence equals 1 pound sterling (£). £1=US\$1.59.

### ***1.9 Government System***

Guernsey is a Crown Dependency. It relies on the United Kingdom for the conduct of its external affairs, including defense. Otherwise it is self-governing.

Legislative power is exercised by its parliament, called the States of Deliberation (the States). This 57-member parliament consists of 45 elected members (12 Conseillers or Senior Statesmen

and 33 People's Deputies). An additional 12 members represent the ten local parish councils and the Island of Alderney. The parliament and its committees are served by a permanent civil service.

The civil head of the island is the Bailiff, who also presides over the assembly and has a casting vote. The Bailiff is appointed by the Crown and represents the Island with respect to the United Kingdom.

Local administration of each district (or parish) is carried out by an elected council of residents, called a Douzaine.

The judicial power is exercised by the system of courts. The highest court is the Royal Court, presided over by the Bailiff. The lower courts are the Magistrate's courts.

Guernsey is not part of the European Union but has a special relationship with the European Community, as set out in protocol 3 to the Treaty of Accession of the United Kingdom to the Treaty of Rome. This protocol allows Guernsey to trade goods with the European Community member countries without any tariff barriers.

Guernsey is only indirectly affected by the introduction of the single European currency in 1999, as its currency, the Guernsey Pound, is linked to the Pound Sterling. If the United Kingdom should decide to join the European Monetary Union (EMU) and replace the Pound by the Euro, Guernsey will most likely have to follow. A report by a working committee of the Guernsey

parliament concluded that this would have little impact on the Guernsey housing market, although interest rates would be lowered in line with EMU levels.<sup>10</sup>

### ***1.10 Unique Aspects of the Island***

The number of cars per household has increased over the past decade from the average of 1.3 cars per household to 1.5 in 1996.<sup>11</sup> As the number of households is growing faster than population, this increase in cars may become an issue. Two private companies manage the current bus service. Both companies receive substantial States subsidies to run their services.

There is one airport that links Guernsey to Gatwick and Stansted Airports in London, with connections to several other regional airports (e.g., Southampton, Birmingham, Manchester) and to continental Europe.

Guernsey's highest institute for post-16 education is a 2-year college.

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<sup>10</sup> The Bailiwick of Guernsey and EMU, pg. 24

<sup>11</sup> Guernsey Census 1996, pg. 76



## **II. Housing Supply**

### **2.1 Introduction**

New construction, net conversions, and demolitions have contributed to the path of housing stock growth over time. The trends in new construction and employment (discussed under “Housing Demand”) provide a preliminary look at how the number of homes has responded to the employment situation and economy of the Island. Good data exist on new construction and change in the housing stock over time.

## ***2.2 Brief Overview of the Housing Market***

Guernsey has a unique housing system consisting of two primary markets. This two-tiered system consists specifically of local market housing and open market housing. To qualify to reside in a local market home, one must be a Qualified Resident or have an essential housing license.<sup>1</sup> In Guernsey, the Qualified Resident status is mostly applicable to Guernsey-born people, their spouses and children, and to people who have resided in Guernsey for many years with a housing license (e.g., because of their essential employment).<sup>2</sup> A Qualified Resident can reside freely in Guernsey in either a local market home or an open market home.

For those who are not Qualified Residents, a Housing License is required to reside in a local market home. This license can be granted to a non-local who is considered an “essential” employee (although some people are granted licenses, which are not related to employment).<sup>3</sup>

Essential Housing Licenses range from 3 years to 15 years. Currently, there are more 3 to 5 year licenses being issued than 15 year ones. The 15-year license recognizes special skills and length of training for these skills and the need to provide a more secure future for those holders if we want to retain their special skills. In contrast, 3- or 5-year licenses are for skills that are more readily recruited. Generally people with these skills are willing to stay for a short time and move on as part of their career development. Essential license holders may have expertise in specific

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<sup>1</sup> Citizens of EU countries have free right of entry to the Island but are subject to Housing Controls. Citizens of other territories are subject to Immigration Controls, which are quite separate from Housing Controls.

<sup>2</sup> See Appendix A2.1 for further information on ways to become a Qualified Resident.

<sup>3</sup> Another type of license that can be granted is a compassionate license. It deals with special cases of a humanitarian nature.

fields that are needed by the community, including doctors, financial executives, teachers, lawyers, and others.

In addition to essential housing licenses having various lengths, there is a general policy of restricting the length of licenses to deter people setting down roots.

It is important to note that even though these housing controls apply, both non-locals and locals can *purchase* local market property.

Open market housing is not controlled. Both locals and non-locals can purchase and reside in these dwellings, as well as being able to simply purchase them. There are no residence restrictions on non-locals for this open market housing. In general, housing prices and rents of these properties are higher than local market properties. The number of open market properties is limited -- there are about 2,000 open market premises. Of these premises, about 1,600 properties are for residential accommodation for private households; however, there are some hotels and larger accommodations for communal housing. Because the number of open market properties is limited by law, all newly constructed private housing consists of local market properties.

There are a few general categories of non-locals residing in these open market properties. Some non-locals may want to relocate to Guernsey particularly due to the low income tax of 20% across all income levels. They are allowed to purchase and/or reside in one of these properties.

Such people are commonly called “Rentier,” and they contribute approximately 20% of the Gross National Product in Guernsey.

Companies may also purchase open market housing to have the option of accommodating senior executives who may not be granted housing licenses.

In addition, open market housing may be used for non-locals working in such industries as hotels. These are considered short-term workers who also require certification to work in Guernsey. This other type of license granted to non-locals is a “short-term housing license”. This license is given to non-local people mostly in the tourism and horticulture industries because there is a shortage of blue-collar workers for positions such as waiters/waitresses, hotel maids and receptionists, and restaurant staff. This license is different from the essential housing license in that the duration is shorter, ranging from nine months to three years.

Hotels that have short-term licensed staff may be required to provide housing within their premises or have sufficient space for lodging these employees. For this purpose, open market housing is used rather than local market housing because it can house more people who are free of housing license controls. This type of open market housing is classified as lodging accommodation for staff.

In addition to private local market and open market housing, Guernsey has States housing. This is local market government-owned property, provided as subsidized rental housing for local people of limited means who have financial problems in renting or owning private property.

### **2.3 *Rateable Value***

All premises in Guernsey are allocated a rateable value. A rateable value is similar to an assessment of the value of a property. It takes into consideration such factors as the size of property, number of rooms, and other facilities. In general, a more expensive property would be given a higher rateable value than a less expensive property. States housing is given rateable values, with the government paying taxes like any other property owner.

The rateable value is used to calculate a component of the property tax. The property tax is divided into parish tax and rateable value tax. Parish tax is a parish-specific tax on yearly garbage disposal, cleaning of streets, and related services. The rateable value tax is a charge based on rateable value.

The rateable value is also used as a further control on housing for non-local essential license-holders. When a non-local obtains an essential housing license, a minimum rateable value is given to indicate the least expensive type of housing a non-local is allowed to reside (to buy or to rent).

### **2.4 *Types of Housing and Housing Stock***

There are several types of housing in Guernsey. First, private housing is broken down into local or open market housing. The number of open market dwellings is 2,000. These homes include semi-detached houses, single-family detached houses, terraced houses, apartment units, detached bungalows, and hotels.

Local market properties are generally less expensive than open market ones and smaller in size. These homes include apartment units, terraced houses, bungalows, semi-detached houses, and single-family detached houses. Government subsidized States housing is also classified as local market housing. These accommodations include bed-sits, flats, and houses. Table 2.1 provides a snapshot of the types of private dwellings in different parishes in 1996. The largest number of dwellings is in St. Peter Port, and the largest category of private housing type is detached houses.

**Table 2.1: 1996 Guernsey Private Dwelling Stock**

	Castel	Forest	St. Andrew	St. Martin	St. Peter Port	St. Peter	St. Sampson	St. Saviour	Torteval	Vale	Total
Caravan/mobile/temporary structure	2				5	2	1			14	24
Detached house (or bungalow)	1,821	348	553	1,228	1,411	589	1,405	647	288	1,953	10,243
Semi-detached house (or bungalow)	581	89	134	489	1,110	106	787	146	33	856	4,331
Terraced house (or bungalow)	375	24	67	262	1,484	8	575	50	4	275	3,124
Apartment	219	22	43	117	1,360	24	323	43	23	254	2,428
Total	2,998	483	797	2,096	5,370	729	3,091	886	348	3,352	20,150

Source: Census data from States of Guernsey Advisory and Finance Department<sup>4</sup>

Table 2.2 depicts the total number of occupied dwellings over time. A small proportion of these dwellings are communal -- places where more than one household lives such as nursing homes, lodging homes, hotels, prisons, and hospitals. The total number of occupied dwellings in 1996 was 20,455, with the total number of private dwellings being 20,173.

<sup>4</sup> These figures do not include Herm and Jethou figures (with these figures, the total number of private dwellings is 20,173). Other 1996 Census figures incorporate Herm and Jethou numbers.

**Table 2.2: Occupied Dwellings from 1961 to 1996**

O c c u p i e d D w e l l i n g s	
Y e a r	N u m b e r
1 9 6 1	1 2 , 8 5 2
1 9 7 1	N / A
1 9 7 6	1 6 , 7 8 4
1 9 8 1	1 7 , 4 2 9
1 9 8 6	1 7 , 6 7 4
1 9 9 1	1 8 , 9 9 2
1 9 9 6	2 0 , 4 5 5

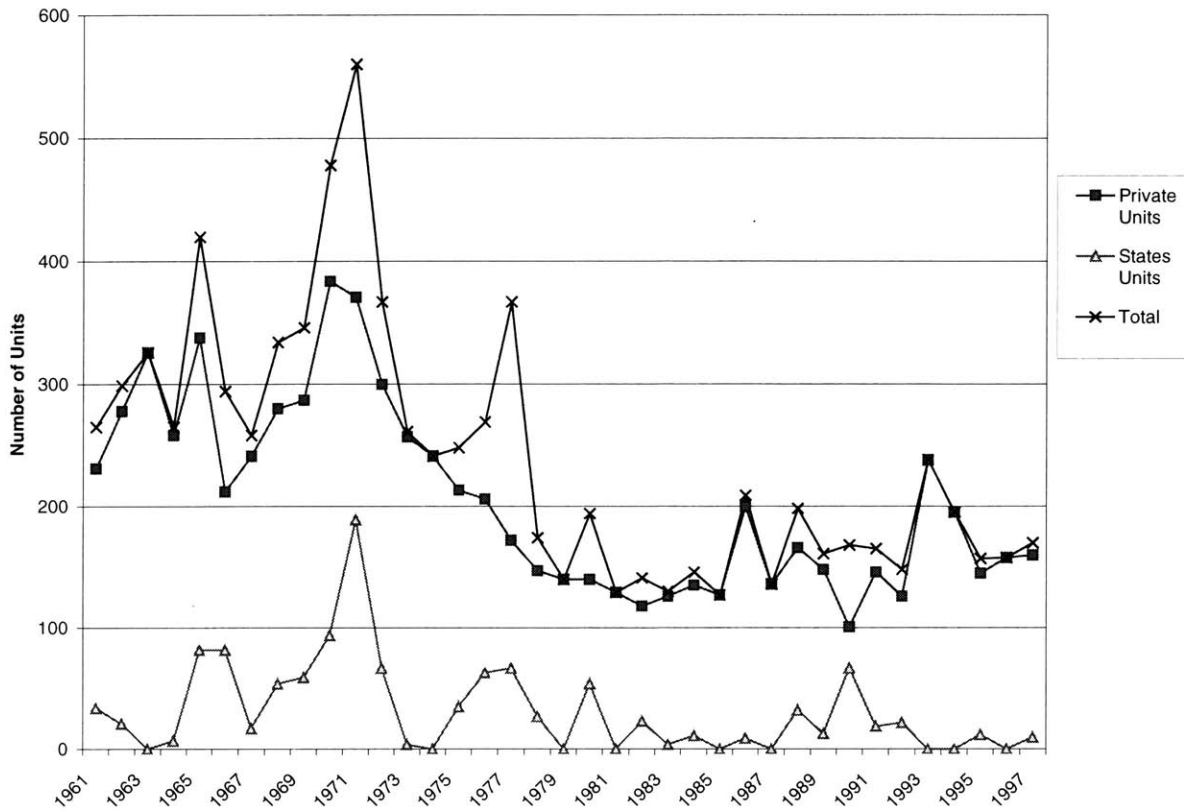
*Source: 1999 Economy & Statistic Review, pg. 36*

## **2.5 New Construction**

Most new construction is accounted for by the private sector, with a minimal amount built by the States. New construction per year has dropped from about 300 units per year in the 1960's and 1970's to less than 200 in the 1980's and 1990's.<sup>5</sup> Figure 2.1 depicts new construction over time, broken down by private premises and States housing. Having annual data on housing construction dating back to 1961 is of great help in understanding construction patterns. Figure 2.2 compares new construction and employment for the period 1979-1997.

The relative patterns over time are roughly consistent with increased construction following employment growth with a lag. While an econometric analysis is not undertaken here, it is nonetheless useful to look at how construction has responded to employment change over time.

**Figure 2.1: Units of Housing Accommodation Constructed from 1961 to 1997**

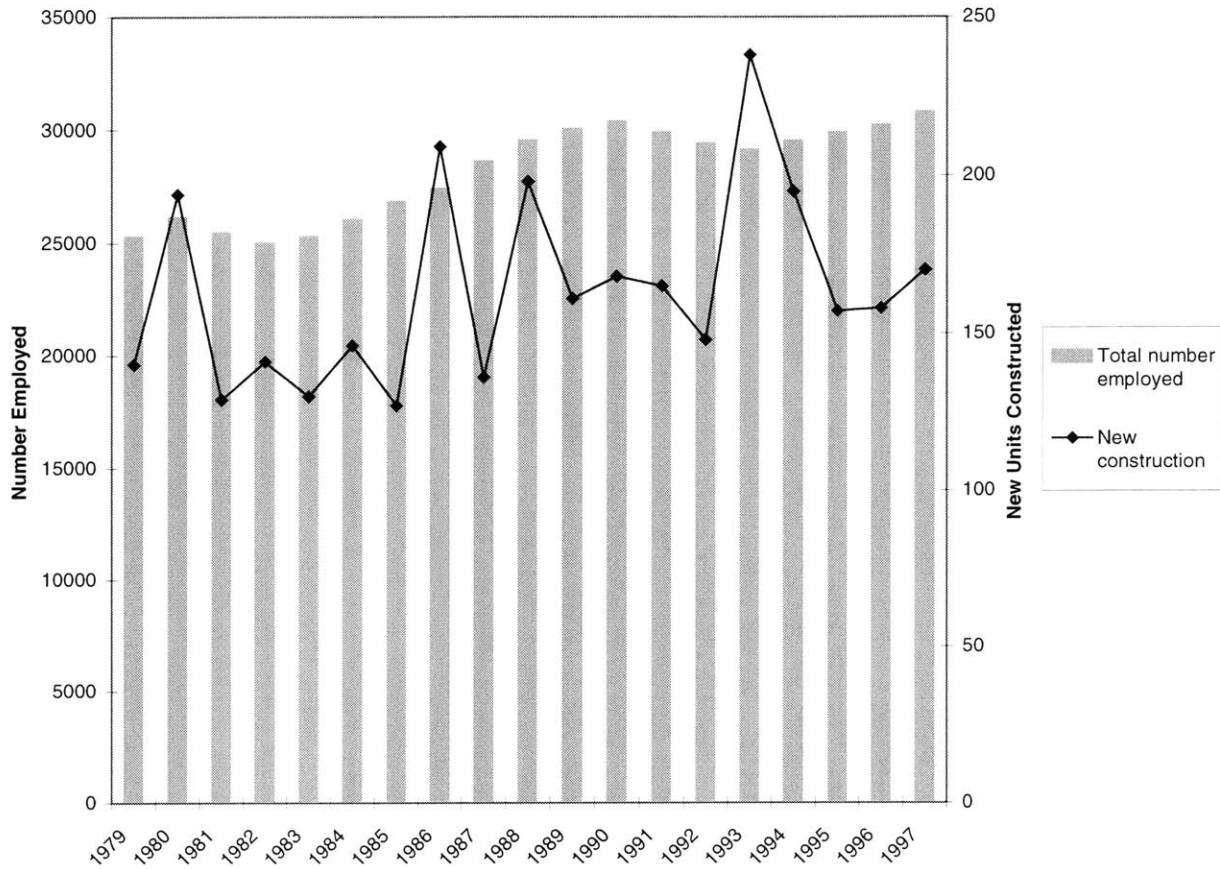


Source: 1999 Economic & Statistics Review, pg. 38

<sup>5</sup> From 1991 to 1995, Figure 2.1 indicates 903 units were completed, although the 1996 Census indicates a higher number completed -- 1,453 dwellings over this period. This difference is because the Census included conversions



**Figure 2.2: New Units of Housing Accommodation and Total Number Employed from 1979 to 1997**



Source: 1999 Economic & Statistics Review, pgs. 38 & 44

### 2.6 Net Conversions & Demolitions

Information on conversions and demolitions can assist in calculating the actual housing stock for each year and its growth. Conversions and demolitions are recorded by the Cadastre Department. These numbers are also available by rateable value and number of States dwellings (Table 2.3).

---

of building types such as business premises and barns to new housing stock.

**Table 2.3: Net Conversions and Demolitions from 1994 to 1998**

<b>Net Conversion of premises to housing units</b>					
	1994	1995	1996	1997	1998
Rateable Value under £35	35	53	38	27	60
Rateable Value £35 - £44	15	5	6	8	17
Rateable Value £45 - £59	0	10	3	3	21
Rateable Value £60 and over	4	6	20	8	10
States Dwellings	1	7	0	0	0
<b>Total</b>	<b>55</b>	<b>81</b>	<b>67</b>	<b>46</b>	<b>108</b>
<b>Demolition of existing dwellings</b>					
	1994	1995	1996	1997	1998
Rateable Value under £35	11	14	14	23	21
Rateable Value £35 - £44	4	1	4	5	3
Rateable Value £45 - £59	0	4	2	7	2
Rateable Value £60 and over	3	3	3	7	6
States Dwellings	0	0	0	2	5
<b>Total</b>	<b>18</b>	<b>22</b>	<b>23</b>	<b>44</b>	<b>37</b>

*Source: Cadastre Department Archives*

Net conversions consist of conversions from existing buildings or outbuildings, plus additional units resulting from change-of-use from tourist premises, plus additional units converted from existing dwellings, minus loss of housing units resulting from conversion to tourist premises or other change of use loss. In the past five years net additional housing units have fluctuated between 46 and 108.

Demolitions are classified as loss of units due to demolition of existing dwellings plus loss of units given a zero rating. A property could be given a zero rating (a rateable value of zero) if the premise is no longer habitable. For instance, zero rating premises could be buildings that are unsafe to live in, have burnt down, or have severely eroded. In the past five years, the number of demolitions has ranged from 18 to 44 a year.

### **III. Housing Demand**

#### ***3.1 Introduction***

This chapter examines the determinants of demand for housing in Guernsey. Data on employment, income levels, social workplace trends, number of households and household size, population growth, life span of individuals, the consumer price index, mortgage rates, and property tax are presented. Also examined are housing licenses issued, along with allocation and terms of licenses within industries such as finance, tourism, and horticulture. The numbers of short-term workers and essential license holders are also presented.

### *3.2 Employment by Type*

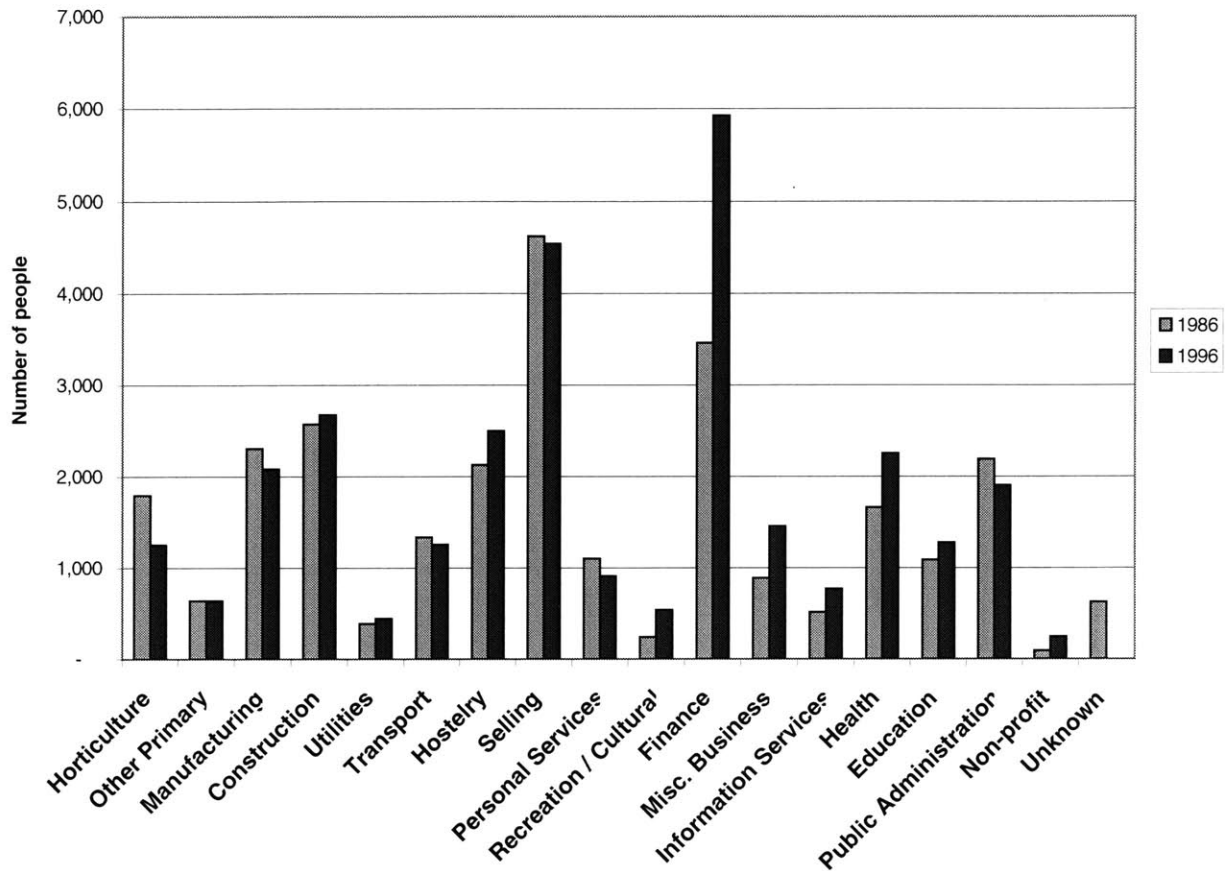
Figure 3.1 depicts the number of people employed by economic sector in Guernsey in 1986 and 1996. During this period, employment in finance, recreation, business, information services, health, and education has increased. The number of workers in horticulture, manufacturing, and public administration has declined.

Most notable is the fact that finance has dominated employment growth. The financial services industry has been growing at the rate of about 200 employees per year, half of which are non-locals.<sup>1</sup> The greatest decline has been in horticulture.

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<sup>1</sup> Guernsey Census 1996, pg. 8

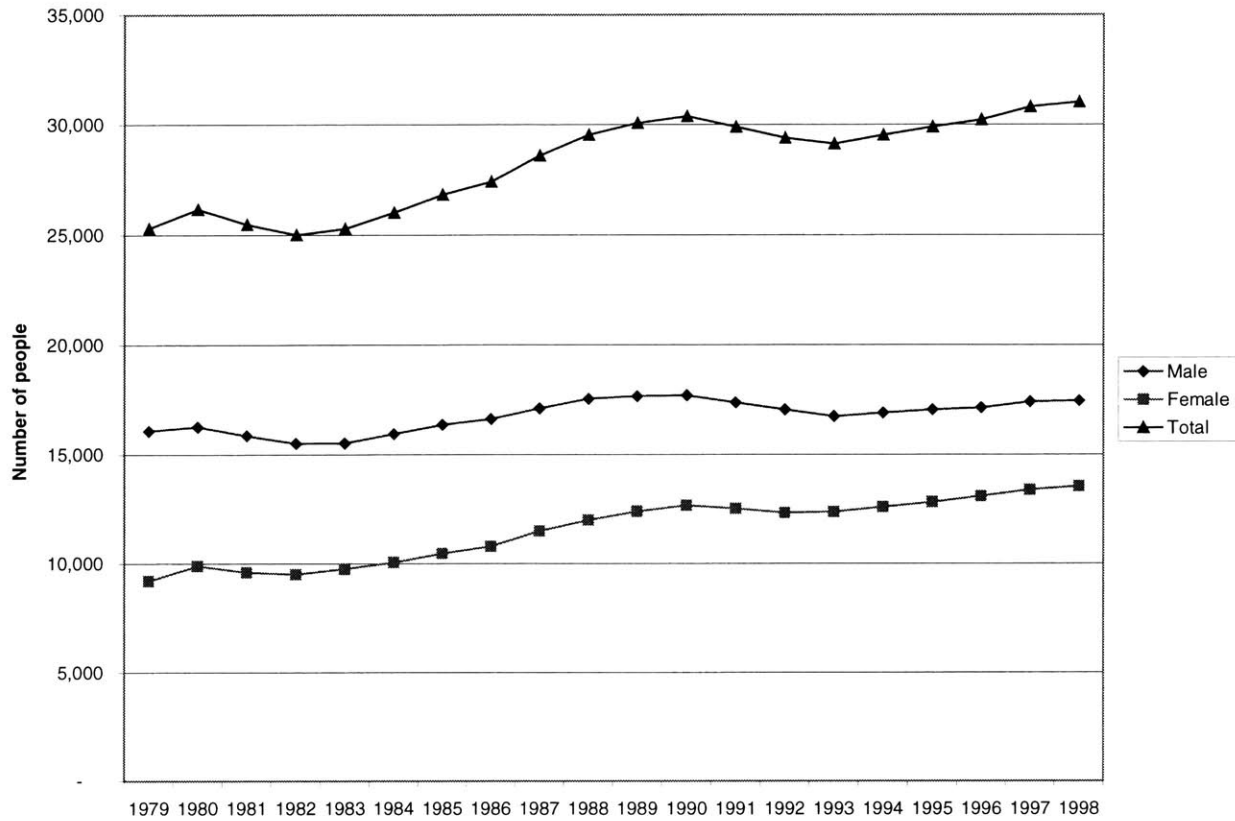
**Figure 3.1: Employment by Economic Sector in 1986 and 1996**



Source: 1999 Economic & Statistic Review, pg. 42

Employment over time exhibits both a cyclical nature and gradual growth. A part of the increase in employment in Guernsey reflects the increase in females in the workplace. By 1996, females made up 45% of the workforce. As more women are finding work outside of the home, income levels of families are increasing. This contributes to increased housing demand. While the number of women economically active has increased in recent years, the number of economically active men has changed very little. Figure 3.2 presents total employment from 1979 to 1998, along with the breakdown of male and female workers.

**Figure 3.2: Employed Population from 1979 to 1998**



Source: 1999 Economic & Statistics Review, pg. 44

### 3.3 Non-local Employment

Employment of non-locals can be examined by breaking down the housing licenses being issued over time. The total number of housing licenses issued per year has generally increased in recent years, concurrent with changes in the allocation of essential and short-term housing licenses. In 1998, the total number of housing licenses issued was 3,339, consisting of 242 essential licenses and 3,097 non-essential licenses.

Table 3.1 depicts the breakdown of housing licenses issued per year -- essential and non-essential -- from 1989 to 1998.<sup>2</sup> During this period, the total number of housing licenses issued tripled, from 1,021 to 3,339. Essential housing licenses doubled from 112 to 242, while non-essential licenses more than tripled, from 909 to 3,097.

The increase in short-term licenses is not solely due to an increase of workers being brought to the Island. Changes to the law in 1990 and 1994 required a short-term license for some people who had not previously needed one. The increased number of short-term licenses may also indicate a greater turnover of staff.

**Table 3.1: Housing License Statistics**

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total Essential Licenses	112	106	89	107	134	131	149	204	179	242
Total Non-Essential Licenses	909	1,210	1,633	2,019	2,177	2,280	2,571	2,784	3,227	3,097
TOTAL number of Housing Licenses	1,021	1,316	1,722	2,126	2,311	2,411	2,720	2,988	3,406	3,339

*Source: States Advisory & Finance Committee*

Non-essential licenses clearly dominate. The majority of them are short-term licenses for non-local blue-collar workers, especially in the tourism and horticulture industries.

Essential licenses -- much smaller in number -- can be divided by length of license. The majority of essential housing licenses granted is for 3- and 5-year periods. However, there are some that are granted for over 5 but less than 10 years, with only a very few 15-year licenses granted. One reason 15-year essential housing licenses are granted less often is due to the housing controls. A non-local who resides in Guernsey for a consecutive 15 years with an essential housing license

<sup>2</sup> See Appendix Table A3.1 for further information on the breakdown of housing licenses issued per year.

can become a Qualified Resident. Table 3.2 describes the breakdown of essential housing licenses issued by length of term. The financial sector has been the recipient of the largest number.

**Table 3.2: Essential Housing License Type from 1992 to 1998**

Essential Licenses	Term	1992	1993	1994	1995	1996	1997	1998
Hotel & Catering	3 yrs	2	0	6	6	9	15	13
	5 yrs	6	15	21	27	34	39	27
	Other	5	1	1	0	1	2	0
	15 yrs	1	4	2	0	3	0	0
Finance Industry	3 yrs	6	14	12	18	24	27	25
	5 yrs	10	15	23	40	38	24	40
	Other	12	4	8	3	4	1	9
	15 yrs	5	20	8	11	15	9	8
Other Essential	3 yrs	11	12	6	6	18	13	24
	5 yrs	26	22	21	20	33	32	53
	Other	20	13	11	5	10	3	15
	15 yrs	3	14	12	13	15	14	28
Total Essential Licenses		107	134	131	149	204	179	242

Source: States Advisory & Finance Committee

### 3.4 Income Levels

“Gross Domestic Product (GDP) is the value of Island output (wages plus profits and other local income) and is close to the total value of total expenditure taking place within the Island. GDP can be viewed as the total of consumer and States spending plus business investment.”<sup>3</sup> From the total GDP per year, we can find the income per capita. Table 3.3 provides Gross Domestic Product per capita from 1970 to 1998. The income figures are reflatd to 1998 values.

<sup>3</sup> 1999 Economic & Statistics Review, pg. 49



**Table 3.3: Gross Domestic Product per capita at 1998 Prices from 1970 to 1998**

Year	Reflated GDP (1998 Values) £000's	Census Population (following year)	GDP per Capita (£)
1970	386,568	51,458	£7,512
1975	454,943	53,637	£8,482
1980	520,951	53,313	£9,772
1985	631,111	55,482	£11,375
1990	874,505	58,867	£14,856
1995	889,617	58,681	£15,160
1998	995,647	58,681	£16,967

Source: 1999 Economic & Statistics Review, pg. 52

In the 1980's and 1990's per capita income increased considerably. The economic sectors driving income growth are finance, professional business, and personal services.<sup>4</sup>

### **3.5 Population Growth**

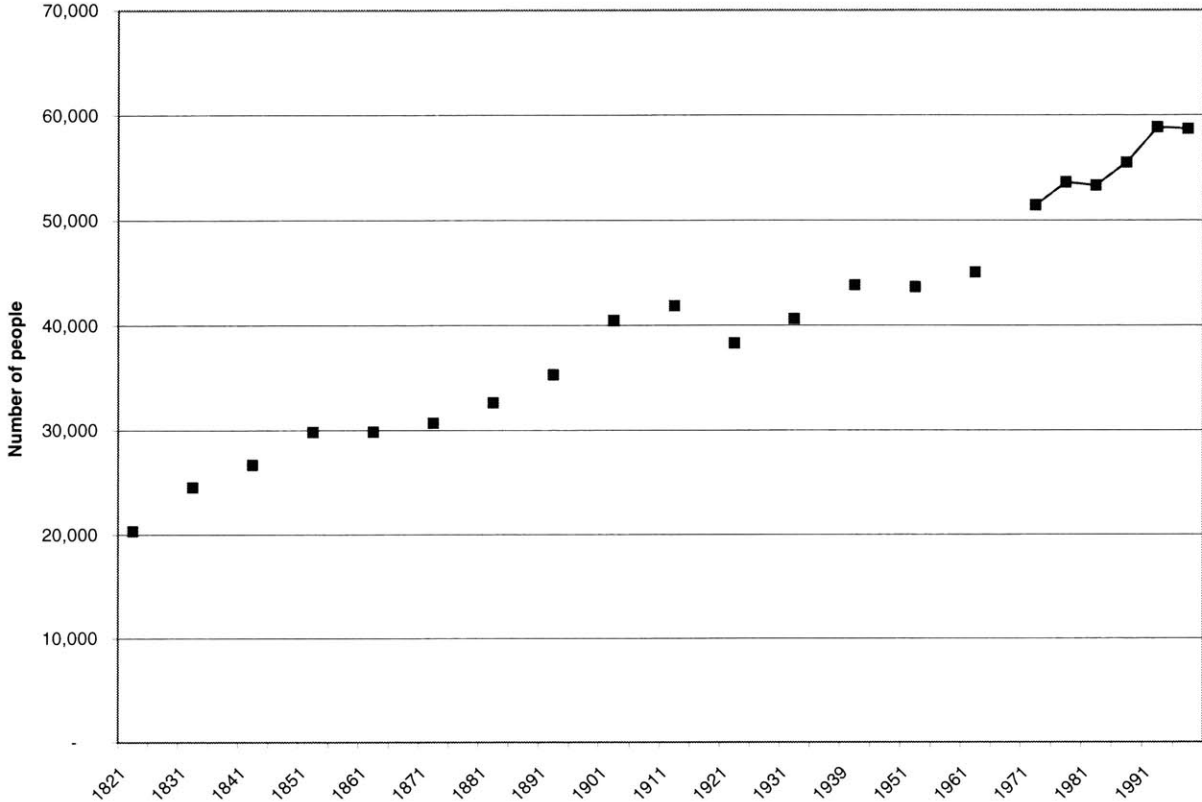
Gradual population growth can be traced back at least to 1821. From around 1890 to 1910, there was a more rapid growth as there was again in the 1960's and the 1970's.<sup>5</sup> Among the factors affecting the population over time have been migration, short-term workers, and the “baby boom” shortly after World War II.<sup>6</sup> Figure 3.3 provides Guernsey's population from 1821 to 1996.

<sup>4</sup> 1999 Economic & Statistics Review, pg. 52

<sup>5</sup> 1999 Economic & Statistics Review, pg. 29

<sup>6</sup> 1999 Economic & Statistics Review, pg. 31

**Figure 3.3: Guernsey's Population from 1821 to 1996**



Source: 1999 Economic & Statistics Review, pg. 29

**3.6 Life Span of Individuals**

Another factor that affects the housing market is the increase in demand for housing by the elderly. Table 3.4 provides the age distribution of the population in Guernsey over time. From 1971 to 1996, the number of people in the age groups 15 to 64 and 65 and older has increased, while the number of people aged 14 and under has declined.

**Table 3.4: Population by Selected Age Groups from 1971 to 1996<sup>7</sup>**

Age Group	1971	1976	1981	1986	1991	1996
0 to 14	23%	22%	19%	17%	17%	18%
15 to 64	62%	63%	65%	67%	67%	67%
65 +	14%	15%	16%	16%	16%	16%

Source: *Guernsey Census 1996*, pg. 24

### 3.7 Household Types and Number of Households

The total number of private households in 1996 was 21,838. These households lived in a variety of dwellings. The most popular type of private dwelling was the detached house with 10,297 households, followed by semi-detached houses with 4,384 households, and apartments with 3,983 households. The parish with the largest number of households was St. Peter Port with 4,053 households, followed by Vale with 3,120. Table 3.5 provides 1996 figures for private households by accommodation type and parish.

**Table 3.5: Private Households by Accommodation Type & Parish in 1996**

	Castel	Forest	St. Andrew	St. Martin	St. Peter Port	St. Peter	St. Sampson	St. Saviour	Torteval	Vale	Total
Caravan / other mobile / temporary structure	2				5	2	1			14	24
Detached house (or bungalow)	1,828	350	556	1,239	1,417	592	1,411	657	288	1,959	10,297
Semi-detached house (or bungalow)	587	90	137	492	1,125	107	794	147	33	870	4,382
Terraced house (or bungalow)	376	24	67	262	1,506	8	578	50	4	277	3,152
Apartment	299	44	59	179	2,451	39	468	69	41	334	3,983
Total	2,793	464	760	1,993	4,053	709	2,784	854	325	3,120	21,838

Source: *States Advisory & Finance Committee*<sup>8</sup>

From 1951 to 1996, the total number of households occupying non-communal housing increased from 12,411 to 21,862. (Communal settings include hospitals, nursing homes, and households with five or more unrelated residents.) Including communal households, the total number of

<sup>7</sup> See Appendix Table A3.2 for breakdown of age group figures.

<sup>8</sup> These figures do not include Herm and Jethou. Other Guernsey Census 1996 figures do include Herm and Jethou numbers.

private households in 1996 was 22,216. Table 3.6 depicts the increase in number of private households from 1951 to 1996.

**Table 3.6: Occupied Private Households from 1951 to 1996**

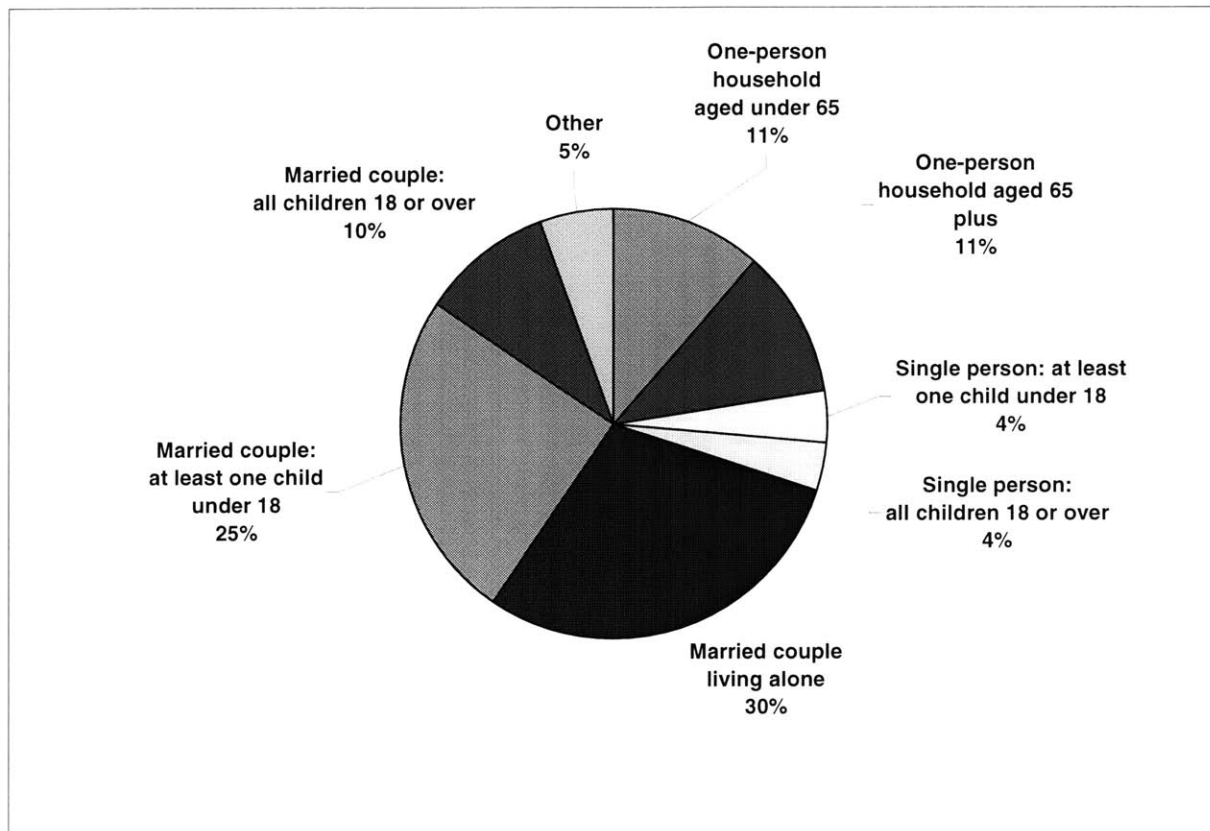
<b>Year</b>	<b>Occupied Private Households</b>
1951	12,411
1961	13,610
1971	16,446
1976	18,127
1981	18,707
1986	19,660
1991	21,215
1996	21,862

*Source: 1999 Economic & Statistics Review, pg. 36*

### **3.8 Households by Type and Tenure**

Figure 3.4 shows the percentages of household types in 1996. The main household type was married couples, consisting of 65% of all households. Another large category was one-person households, which made up 22% of all households. These single-person households are increasing the demand for more housing units and additional required services.

**Figure 3.4: All Households by Type in 1996<sup>9</sup>**

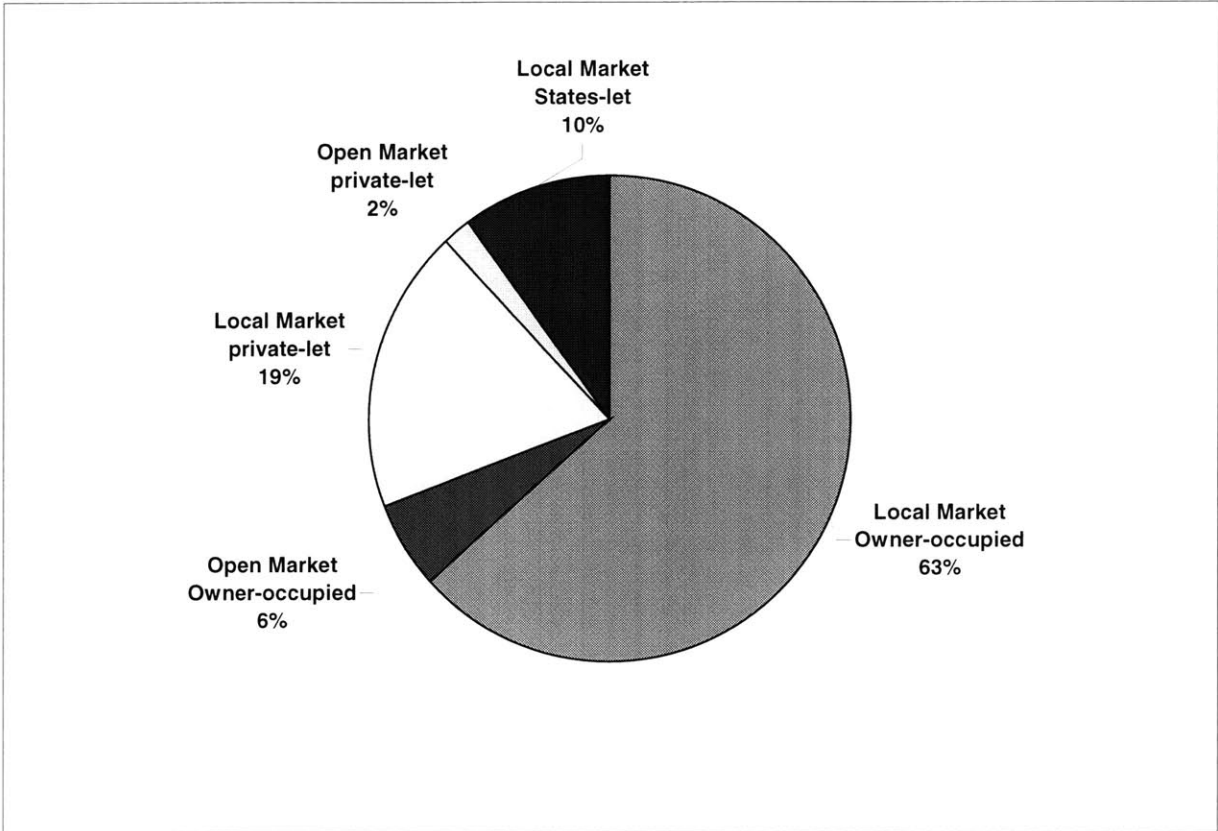


\* Married couple categories include a modest number of cohabiting couples.  
 Source: *Guernsey Census 1996*, pg. 138

Of the 22,216 non-communal households in 1996, 63% resided in local market owner-occupied dwellings, 19% resided in local market private-let homes, followed by 10% in local market States-let homes. Figure 3.5 depicts all households by tenure in 1996.

<sup>9</sup> See Appendix Table A3.3 for further information on household type figures for 1991 and 1996.

**Figure 3.5: All Households by Tenure in 1996<sup>10</sup>**



Source: Guernsey Census 1996, pg. 138

Looking at the tenure of households over time, the number of owner-occupiers has increased from 9,926 in 1971 to 15,205 in 1996. During the same period, the number of households in private let property has decreased from 4,935 households to 4,516. With regard to the number of States-let households, the number has increased from 1,585 to 2,141 from 1971 to 1996. Table 3.7 provides an overview of the change in owner-occupiers and renters over time. In 1996, the level of home ownership was about 64%.

<sup>10</sup> See Appendix Table A3.4 for further information on households by tenure and type.

**Table 3.7: Private Households by Tenure**

Year	Owner-Occupied		Private Let		States Let	Total		Total
	Local	Open	Local	Open	Local	Local	Open	All
1971	9,926		4,935		1,585			16,446
1976	11,518		4,768		1,841			18,127
1981	12,280		4,455		1,972			18,707
1986	12,229	1,377	4,072		1,982			19,660
1991	13,230	1,286	4,002	489	2,208	19,440	1,775	21,215
1996	13,974	1,231	4,095	421	2,141	20,210	1,652	21,862

Source: Guernsey Census 1996, pg. 72

Table 3.7 is compiled from the Guernsey Census, which is conducted every 5 years (rather than 10 in many other countries). The five-year intervals are very helpful in examining changes over time.

### 3.9 Household Size

With regard to household size, there has been a consistent decrease in the number of people per dwelling over the past decades. In 1996, the average household size was 2.55 people/household, compared with 4.2 people/household during the 1930's. In the 1990's, there was an increase in single-person households. The number of divorces has rapidly increased, and there are social changes toward formation of households by singles. More children are living away from their parents' homes at an earlier age than previously. This may be seen as an indication of the prosperity in the economic environment of Guernsey, which allows children to afford to rent or purchase a dwelling at an earlier age.

### ***3.10 Consumer Price Index***

A Consumer Price Index is a way to put into perspective the cost over time of goods and services purchased by a household. It can also relate the cost of housing to the rest of goods and services. In Guernsey the Retail Price Index (RPI), similar to the Consumer Price Index in the United States, measures price changes of goods and services purchased by most households.<sup>11</sup> A selected set of goods and services which are a good indication of basic essentials of a household is priced every quarter to monitor changes. This provides a measure of inflation.

There are 14 groups of goods and services placed in the Index. Weights for different items are indications of the amount of spending people contribute toward these items out of total consumer expenditure. Group categories include Food, Alcoholic Drink, Tobacco, Housing, Fuel, Light and Power, and others. If one Group has a higher weight than another does, this indicates that households spend more on that Group.

The information for the Retail Price Index is collected from the Housing Expenditure Survey, which is given to about 700 households and conducted every 5 years. Households are asked to record household expenditures such as phone costs, utilities, mortgage/rental payment, and so forth for a two-week period. They are also asked to record personal expenditure such as health care costs and transportation. For the Retail Price Index, about 2,200 prices are collected which range from the cost of matches to the cost of life insurance policies. Table 3.8 provides the current groups and weights for the different categories. The largest percentage of a household's income is spent on housing. The second highest expenditure is for food.

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<sup>11</sup> 1999 Economics & Statistics Review, pg. 59



**Table 3.8: Current Retail Price Index Group Weights**

<b>Group</b>	<b>Weighting</b>
Food	163
Alcoholic Drink	38
Tobacco	14
Housing	206
Fuel, Light, and Power	57
Household Goods	70
Household Services	24
Clothing & Footwear	65
Personal Goods	58
Motoring	99
Fares/Other Travel	26
Leisure Goods	57
Leisure Services	75
Food Away from Home	48
<b>All Items</b>	<b>1,000</b>

*Source: 1999 Economic & Statistics Review, pg. 60*

A weekly expenditure comparison is made between the United Kingdom and Guernsey in Table 3.9. People in Guernsey spend more on housing and food, while people in the U.K. spend more on household services.

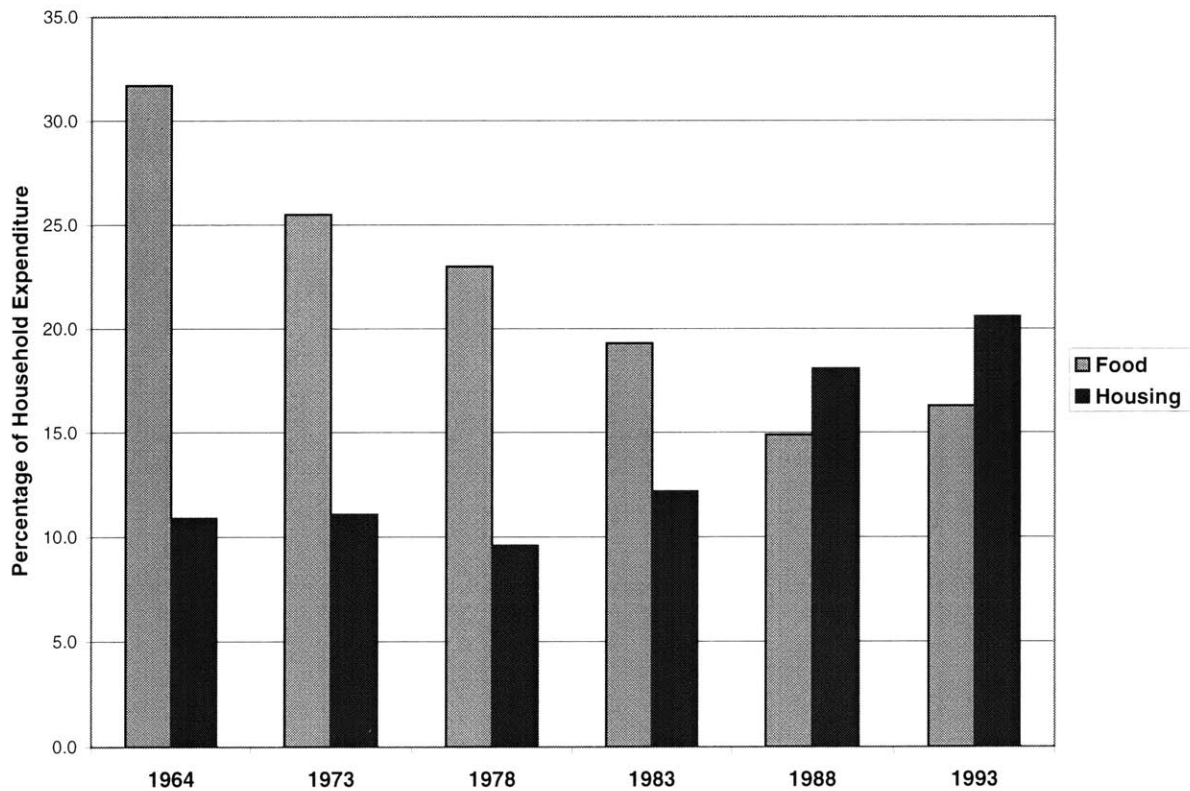
**Table 3.9: All Expenditure - £ per Week in the United Kingdom and Guernsey**

<b>All Expenditure - £ per Week</b>		
	<b>UK</b>	<b>Guernsey</b>
Food	39.53	57.90
Alcoholic Drink	11.95	13.48
Tobacco	5.59	4.83
Housing	44.85	72.99
Fuel, Light, and Power	13.24	20.06
Household Goods	23.05	24.65
Household Services	15.44	8.61
Clothing & Footwear	17.40	23.09
Personal Goods	11.04	20.64
Motoring	36.28	35.11
Fares/Other Travel	6.95	8.85
Leisure Goods	12.10	20.33
Leisure Services	19.93	25.99
Food Away from Home	10.43	16.91
<b>Overall</b>	<b>267.78</b>	<b>353.44</b>

*Source: States Advisory & Finance Committee*

Looking at household expenditures over time, we can see that there have been important changes in expenditure on housing and food. From 1964 to 1993, expenditure on food has decreased from 31.7% of total expenditure to 16.3%, whereas expenditure on housing has almost doubled from 10.9% to 20.6%.<sup>12</sup> Figure 3.6 provides the change in expenditure patterns for food and housing in Guernsey from 1964 to 1993. The housing category consists mainly of mortgage interest payments, ‘do-it yourself’ home repairs and improvements, and capital improvements.

**Figure 3.6: Household Expenditure Patterns in Food and Housing (Percentages) from 1964 to 1993**

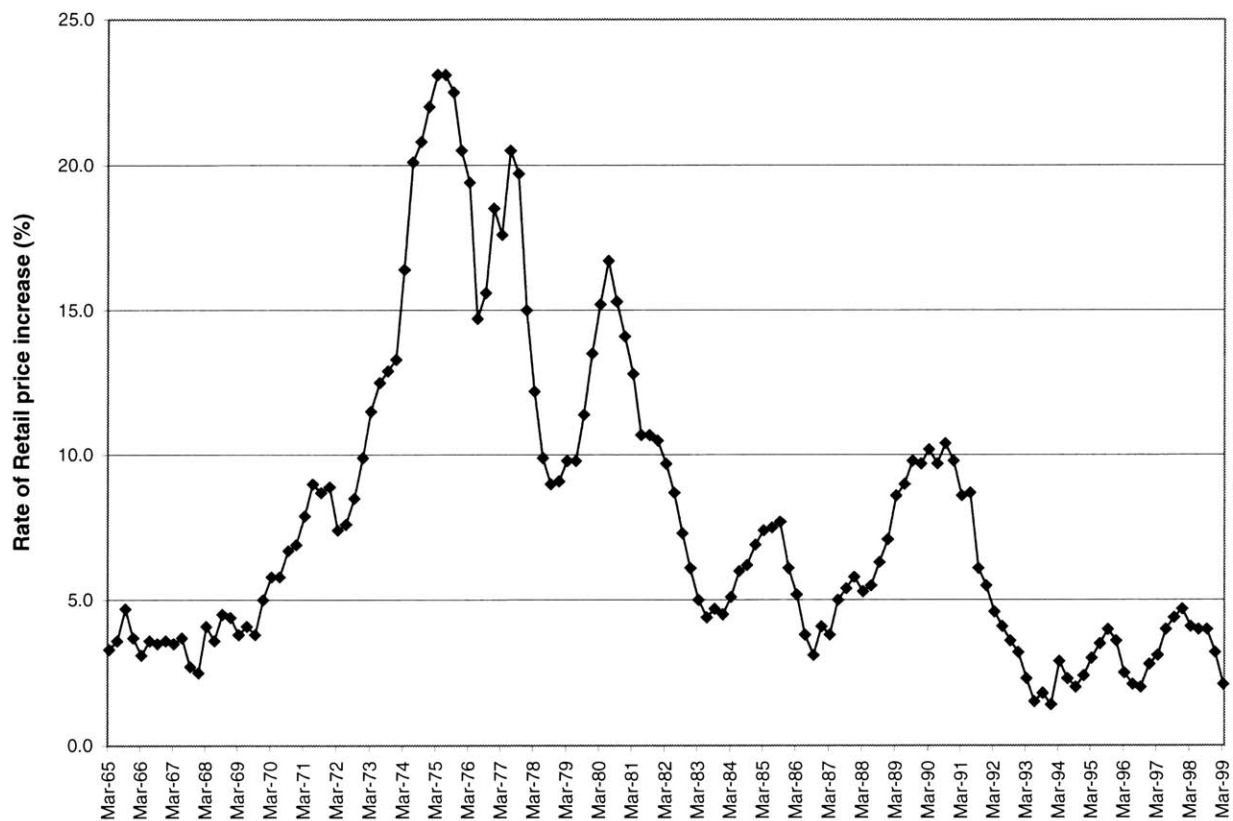


Source: 1999 Economic & Statistics Review, pg. 61

<sup>12</sup> See Appendix Table A3.5 for further information on all household expenditure patterns from 1964 to 1993.

To measure inflation, the Retail Price Index can also be used to see increases in Retail Price levels over time. Figure 3.7 depicts the percent increase per quarter from March 1965 to March 1999. Inflation has been recently decreasing. Over the year ending March 1999, increases in price were mainly due to price increases in food, clothing and footwear, and leisure services.<sup>13</sup>

**Figure 3.7: Annual Rate of Retail Price Increase (Percent) from March 1965 to March 1999<sup>14</sup>**



Source: 1999 Economic & Statistics Review, pg. 62

<sup>13</sup> 1999 Economic & Statistics Review, pg. 62

<sup>14</sup> See Appendix Table A3.6 for further information on rate of retail price increase figures.

### 3.11 Retail Price Index

An Index of retail prices can be used to make comparisons over different periods. Table 3.10 shows the indices used for this purpose. To find the percentage change between two dates, the following calculation is made:

$$\frac{(\text{New Value} - \text{Old Value}) \times 100}{\text{Old Value}}$$

**Table 3.10: Retail Price Index**

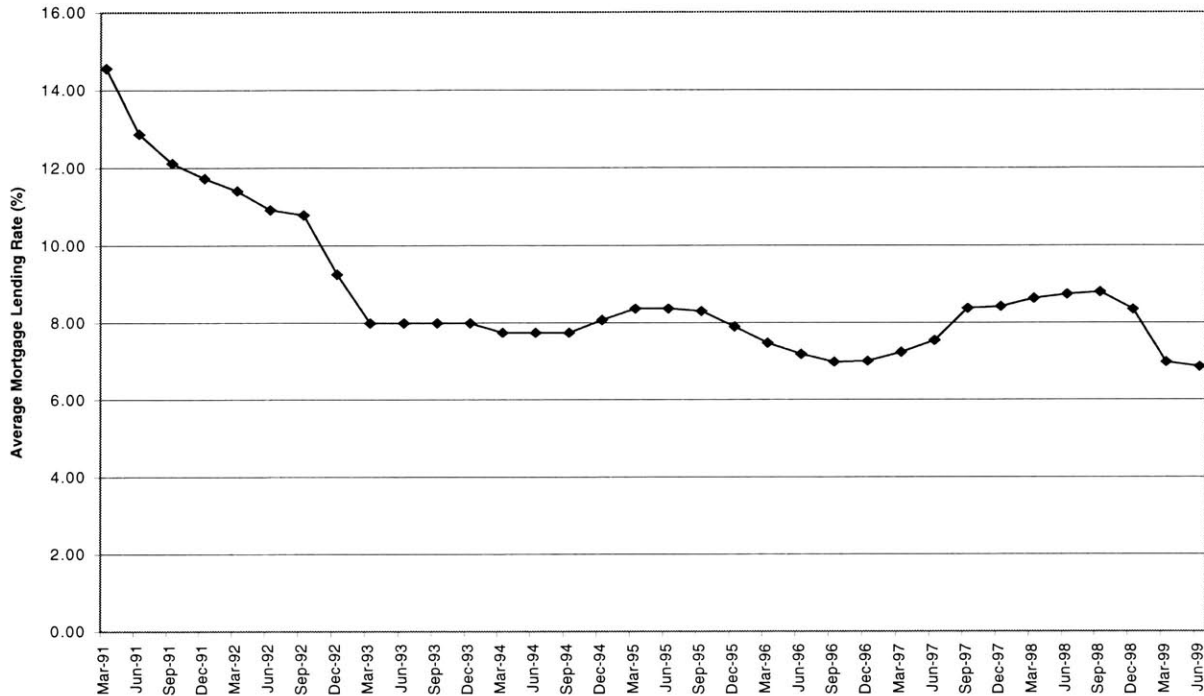
Year	March	June	September	December
1965	-	100.0	101.0	101.5
1966	101.8	103.6	104.5	105.2
1967	105.4	107.4	107.4	107.9
1968	109.7	111.2	112.2	112.6
1969	113.9	115.8	116.5	118.3
1970	120.5	122.5	124.3	126.5
1971	130.0	133.0	135.1	137.8
1972	139.7	143.6	146.5	151.3
1973	155.8	161.5	165.5	171.5
1974	183.3	194.0	200.0	209.2
1975	223.2	238.8	244.9	252.0
1976	266.5	273.8	283.2	298.6
1977	313.3	329.9	339.0	343.4
1978	351.6	362.4	374.6	386.1
1979	386.1	397.8	411.6	425.3
1980	445.0	464.1	474.5	485.0
1981	502.0	513.8	525.7	536.0
1982	550.6	558.8	563.7	569.1
1983	578.4	583.2	590.5	594.9
1984	608.0	618.1	626.7	636.2
1985	652.9	664.7	674.5	674.6
1986	686.8	689.6	695.3	701.7
1987	713.3	723.8	732.8	742.1
1988	751.5	763.9	778.8	795.1
1989	815.7	832.4	854.8	872.5
1990	898.9	913.4	943.9	957.3
1991	976.4	992.7	1,000.9	1,010.0
1992	1,020.6	1,033.3	1,037.0	1,042.5
1993	1,044.1	1,049.6	1,054.9	1,056.3
1994	1,074.1	1,074.2	1,076.0	1,081.7
1995	1,106.0	1,111.6	1,119.0	1,121.0
1996	1,133.5	1,135.1	1,141.1	1,151.9
1997	1,168.8	1,180.2	1,191.5	1,205.7
1998	1,216.4	1,227.4	1,239.6	1,244.8
1999	1,242.5			

Source: 1999 Economic & Statistics Review

### 3.12 Mortgage Lender Rates

Figure 3.8 shows the average mortgage rate from 1991 to 1999. When the mortgage rates are lower, of course, purchase of a residential property is more attractive.

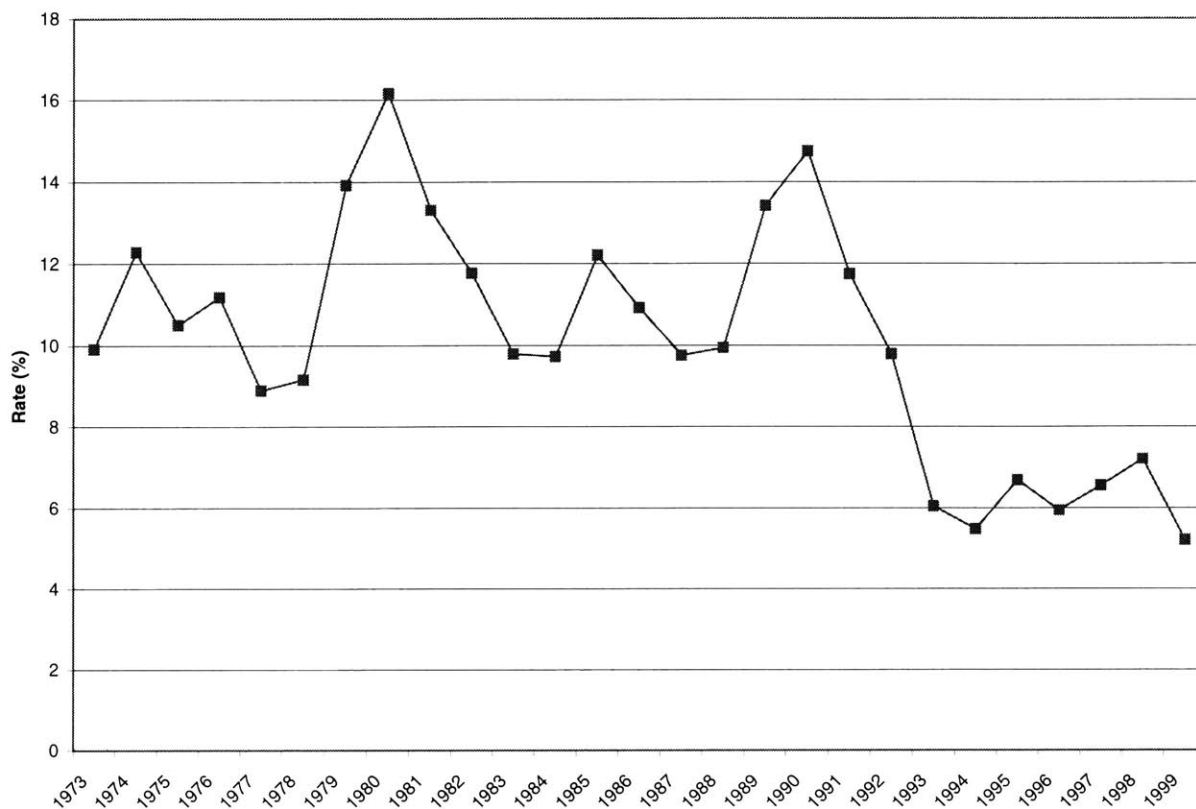
**Figure 3.8: Average Mortgage Lending Rate per Quarter from March 1991 to June 1999**



Source: States Advisory & Finance Committee

Bank base interest rates for 1972-1999 are presented in Figure 3.9. Mortgage lending rates are tied to the bank base rate and run slightly higher.

**Figure 3.9: Bank Base Rates from June 1972 to June 1999<sup>15</sup>**



Source: States Advisory & Finance Committee

### 3.13 Property Taxes

The property tax is broken into 1) rateable value taxes determined by the States Cadastre Department, and 2) parish tax rates which vary across parish locations. Rateable value tax is a tax payable every year depending on the rateable value of the property.<sup>16</sup> For residential properties, the rateable value tax has remained at £1.22/£1.00 per annum since 1995. There are rateable value taxes for all property types.<sup>17</sup> Table 3.11 shows the rateable values for domestic premise -- open market and local market -- from 1981 to 1999.

<sup>15</sup> See Appendix Table A3.7 for further information on bank base rate figures from 1972 to 1999.

<sup>16</sup> For information on rateable value and uses, see Housing Supply Chapter, Section 2.3

<sup>17</sup> See Appendix Table A3.8 for further information on rateable value tax for all premise types.

**Table 3.11: Rateable Value Tax for Domestic Premises**

	1981	1984	1989	1991	1993	1995	1997	1999
Rate per pound for Domestic Premises	0.30	0.54	0.70	1.05	1.10	1.22	1.22	1.22

*Source: States Cadastre Department Archives*

## **IV. Housing Prices and Rents**

### ***4.1 Introduction***

Looking at the changes in supply and demand, we can see the effects on housing prices and rents over time. With a limited stock of housing, the effects on price will be heavily dependent on demand. Looking at prices and rents together can give an indication of movement in both markets and track demand and its effects on these markets. This section will look at house prices over time in the local and open markets, number of transactions, and States and private rents.



## 4.2 *Housing Prices*

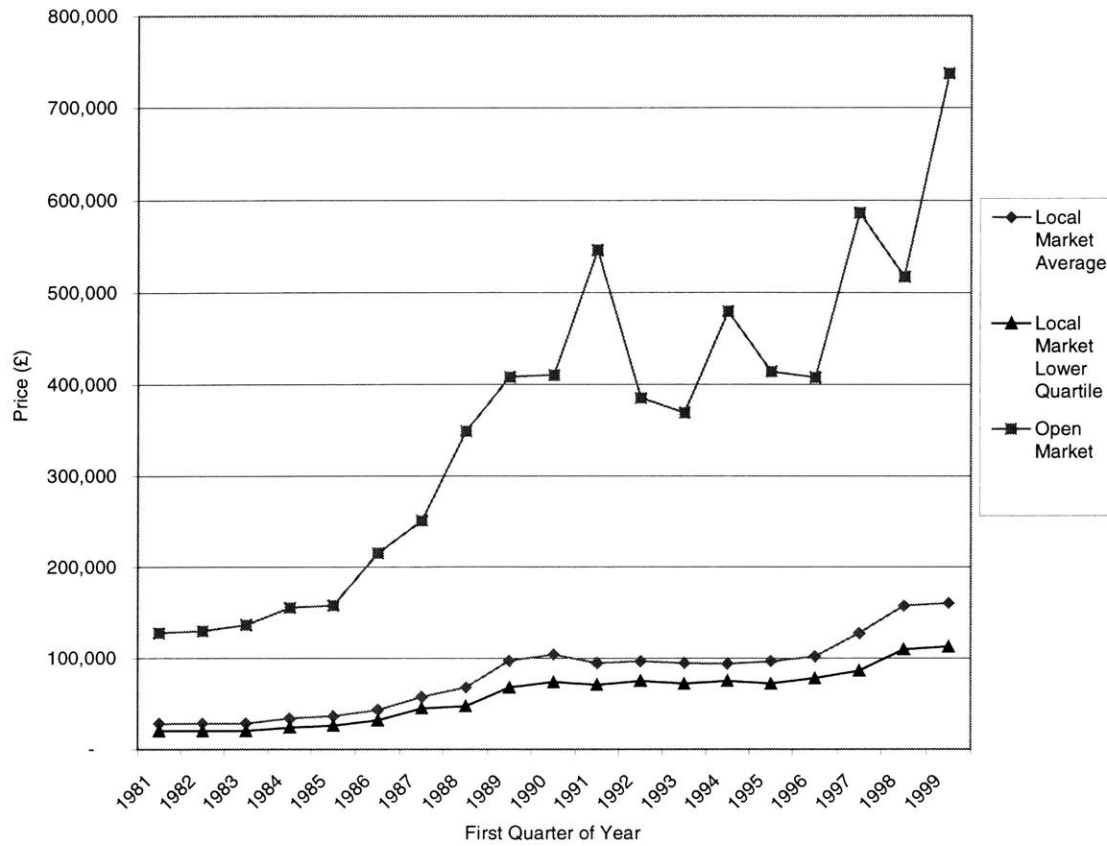
Housing prices increased considerably in the mid- to late-1980's, and again in the mid- to late-1990's. These changes reflect changing demand for housing due to changes the economy, and the UK economy in particular.

Guernsey has a quarterly relatively fixed Housing Price Index for both local and open market housing.<sup>1</sup> All transaction prices except the top and bottom 2½% are used. This 95% of transactions is considered a better base for calculating a mean value, as there may be some idiosyncratic high and low prices. In addition, family sales and artificially low prices are excluded. Median values are not published. To get an indication of prices for first-time buyers, the bottom quartile is also recorded. All prices recorded are net sale prices, not including legal fees, agency fees, furnishings, and fittings. Figure 4.1 depicts the house price trends for the local market and open market, and also highlights the local market lower quartile percentage.

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<sup>1</sup> 1999 Economic & Statistics Review, pg. 39

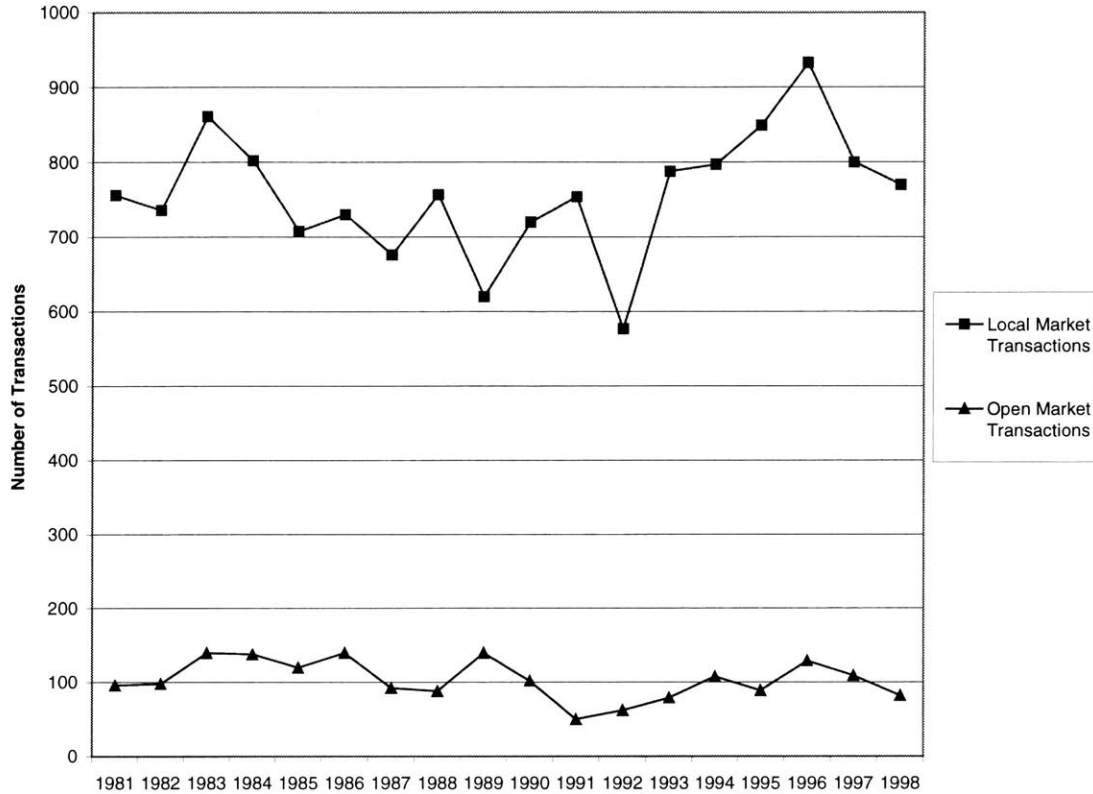
**Figure 4.1: House Price Index (first quarter of year) from 1981 to 1999**



Source: 1999 Economic & Statistics Review, pg. 39

Figure 4.2 presents the number of transactions over time for Local Market and Open Market homes.

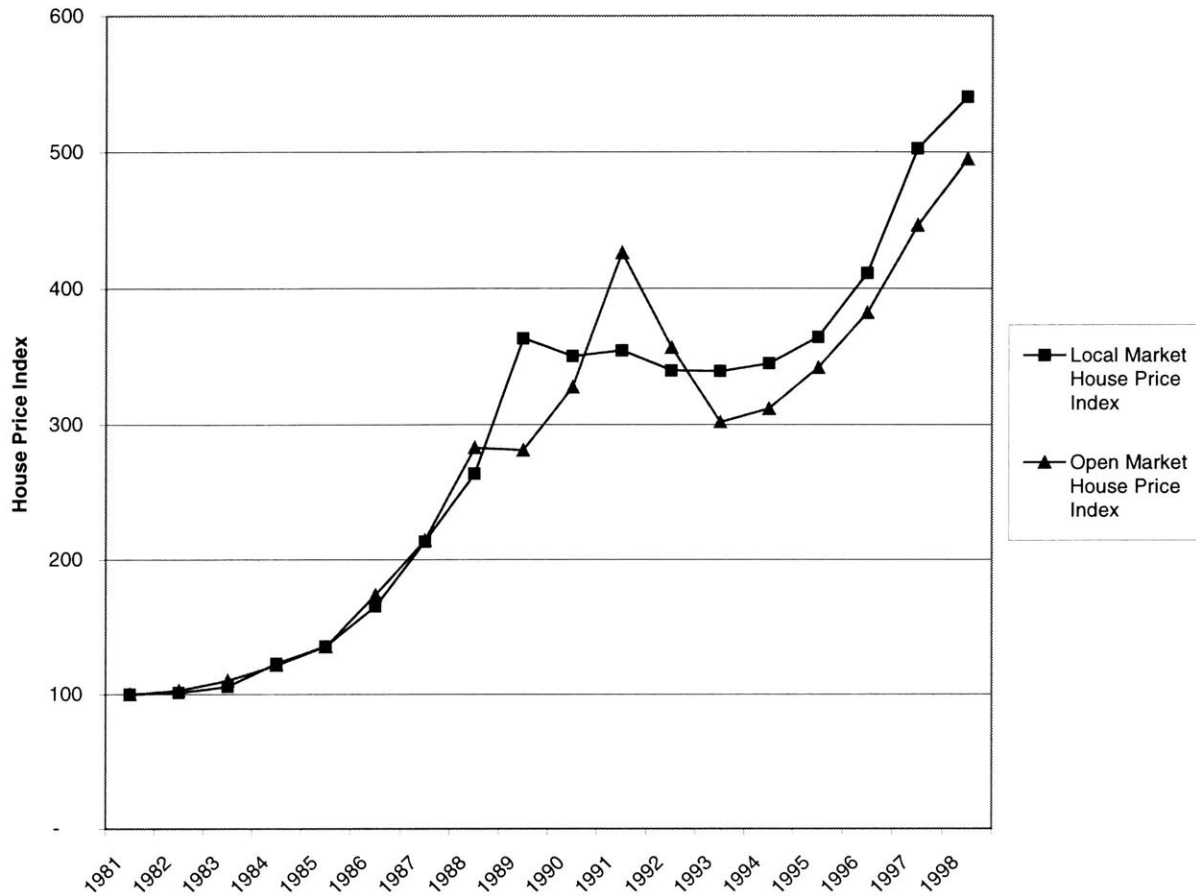
**Figure 4.2: Annual Local Market and Open Market Number of Transactions from 1981 to 1998**



Source: 1999 Economic & Statistics Review, pg. 40

We can also compare price changes for local and open market properties by setting both price indexes equal to 100 in 1981 (Figure 4.3). In general, prices for open and local market housing have increased in a similar fashion over the past two decades. The sharp 1991 increase in the open market index may be related to the low (50) number of transactions in this recession year (Figure 4.2). The possibility of the composition of transactions varying over the cycle can make price measures such as means and medians inaccurate at cycle turning points. Nonetheless, we note that the price indexes behave quite plausibly in almost all years.

**Figure 4.3: Local and Open Market House Price Indexes (1981=100)**



Source: 1999 Economic & Statistics Review, pgs. 39-40

### 4.3 Rental Rates

Rent data are not formally used to create an official index. Nonetheless, rent data beginning in 1994 were obtained from the States Advisory and Finance Department. Rents have increased about 20% from 1994 to 1999. Private market rents are compiled by two major real estate agencies in Guernsey, together with contributions from 50 tenants who volunteered to provide their rents on a quarterly basis. The information was taken from the Housing Group section of

the Household Expenditure Survey. This sampling procedure does not, of course, guarantee a fully representative index.

States housing has consistently been about 10% of the Island's housing stock. These rents are subsidized rates, and there are certain qualifications required as well as a waiting list of people to live in this type of accommodation. Table 4.1 provides weekly indexes for States rents and local market rents from March 1994 to March 1999. For purposes of comparing trends, both indexes are set equal to 100 for March 1994.

States rents have been running between 34% and 38% below private rents. Determining how much of this "discount" is actually a subsidy would require controlling for housing characteristics.

The States Housing Authority sets rents between 5% and 10% below full market level, which is obtained by consulting two or three local agents and valuers. The reasoning here is that holding States rents somewhat below market discourages rent increases for private housing.

Once this rent is established, a tenant's entitlement to rebate is based on household income. The entitlement to rebate is given if the rent exceeds 25% of the household's income.

**Table 4.1: States Rents and Private Rents Index from March 1994 to March 1999**

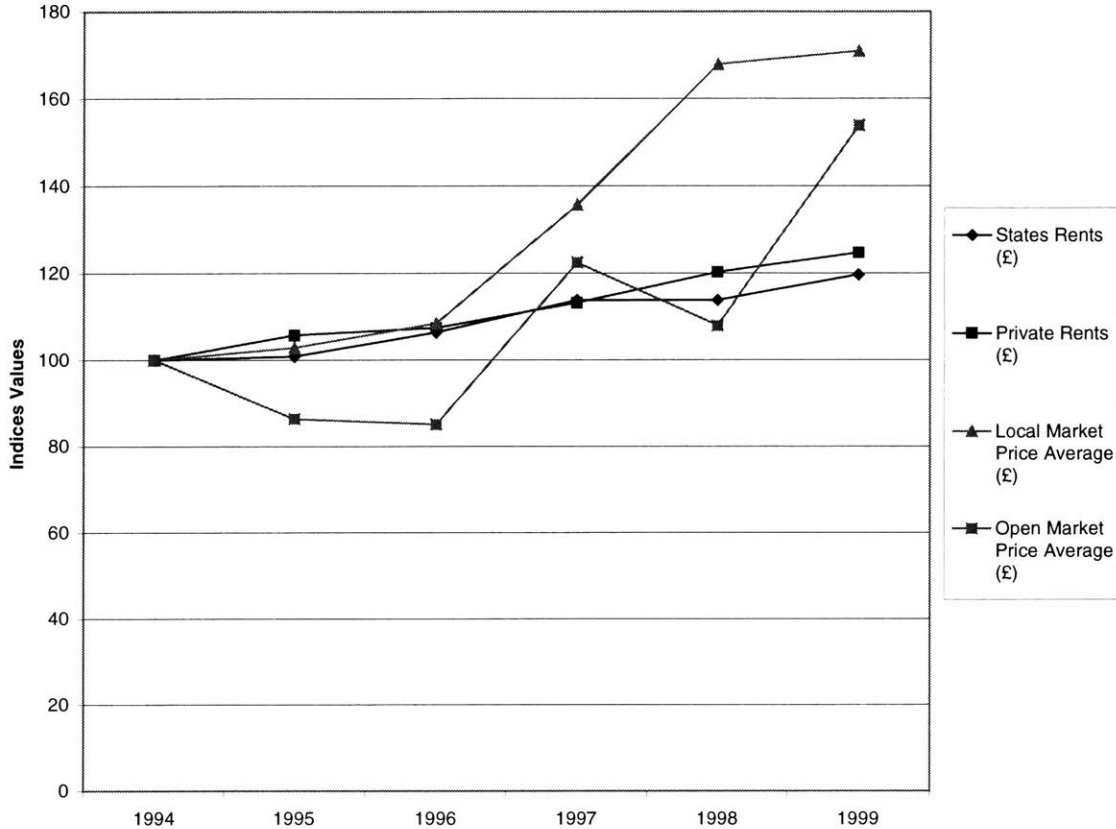
Year	States Rents Index	Private Rents Index
Mar-94	100.00	100.00
Jun-94	100.81	100.90
Sep-94	100.81	101.94
Dec-94	100.81	104.63
Mar-95	100.81	105.74
Jun-95	104.65	107.83
Sep-95	104.65	108.74
Dec-95	106.41	108.78
Mar-96	106.30	107.36
Jun-96	110.57	110.55
Sep-96	110.57	101.34
Dec-96	110.57	120.28
Mar-97	113.75	113.17
Jun-97	113.75	116.46
Sep-97	113.75	118.01
Dec-97	113.75	118.66
Mar-98	113.75	120.26
Jun-98	118.75	123.30
Sep-98	118.75	124.17
Dec-98	118.75	124.71
Mar-99	119.67	124.71

*Source: States Advisory and Finance Committee*

To see the relative movement of prices and rents, Figure 4.4 presents the trends in private and States rents together with local and open market house prices. The comparison is made for the period of overlapping data, 1994 to 1999. 1994 index levels are all set at 100.

House prices appear to be more volatile, but caution must be exercised here due to the difference in data collection methods. Nonetheless, we would expect more “stickiness” in rents, given the presence of multi-year renters.

**Figure 4.4: Movement in States Rents, Private Rents, Local Market Prices and Open Market Prices from 1994 to 1999 (1994=100)<sup>2</sup>**



Source: States Advisory & Finance Committee

<sup>2</sup> Rents are for March of the given year.

## **V. Guernsey Housing Policies**

### ***5.1 Introduction***

Housing policies are politically and socially important. Movement of prices and rents can reflect the policy directions. There are two main issues that will be discussed regarding housing policies in Guernsey. The first concerns housing controls designed to ensure the affordability of housing. Discussion of these controls for non-local employment will be emphasized, along with local affordability schemes. The second issue concerns the zoning plans for the island and future plans for new housing development.



## 5.2 *History of Housing Controls*

Housing controls were instituted after World War II when there was a severe housing shortage. Housing Control Laws were used to reserve housing for residents of Guernsey who may have needed to leave the island during the war and wanted to return. Restrictions were placed on non-locals wanting to reside in Guernsey. The Housing Control Laws set out terms to be a “Qualified Resident.”

The Housing Control Laws were intended to be a temporary solution; however, due to continued pressures on the housing stock, they assumed a more permanent role.<sup>1</sup> Although controls initially were intended to assist Guernsey people with sufficient housing, it was recognized early on that it was economically beneficial to have non-locals fill certain employment needs.

In the 1950’s and 1960’s the housing controls were quite restrictive as to how non-locals could occupy local housing. In 1969, an official Open Market Register was formed which specified non-controlled dwellings. This clearly set out the homes in which non-locals could reside without need of a housing license. Open Market homes could be occupied by locals and non-locals without restrictions. The number of open market homes is currently about 9% of private properties. Due to the limited number of these homes as well as their larger size, they are more expensive and are considered the “luxury” properties on the Island.

In 1982, essential housing license holders gained the privilege to become qualified residents after 15 years of continued residence on the island.

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<sup>1</sup> Housing Controls on the Island of Guernsey, pg. 1

In 1990, an Amendment Law was formed which created “short-term housing licenses,” mostly for blue-collar workers. The license terms ranged from 9 months to 3 years, and the amendment specifies no permanent rights to residence.

In 1990, The Right to Work Law was also created to make sure that all working people who were hired or changed jobs from 1989 onward were legally housed and had the relevant housing licenses if they were non-local. Employers have the responsibility to make sure their employees have the necessary documents to work in Guernsey, and thus reside.

### **5.3    *Essential License***

The purpose of having essential licenses is driven by the shortage of local expertise and qualifications or experience in professional fields that are considered essential to the community.

### **5.4    *Short-term License***

Short-term licenses are required when there is a manpower shortage.<sup>2</sup> Most of these licenses are given to staff in the horticulture and tourist / catering industries. Short-term workers are usually necessary for needs to staff particular projects. People on short-term licenses cannot bring with them family members or dependents. These licenses are mostly geared toward single people. They are usually limited to lodgings or staff quarters.

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<sup>2</sup> Housing Controls on the Island of Guernsey, pg. 2

### **5.5 *Length of Licenses***

Both types of license are for limited periods. With regard to short-term licenses, one reason they are for a short period of stay is to ensure these workers will not form attachments to Guernsey and increase long-term population.

With regard to essential license holders, their length of license can range from 3 years to 15 years, the majority of which are 3- and 5-years. In general, a person who is already resident on the island will not be granted a license if it will extend his/her residency to over 5 years. 15-year licenses are only offered to a few people who have unique qualifications for a particular job needed on the island, or long-term positions that would be crucial for the community. The number of 15 year licenses are very small -- about 10% to 15%. The reason behind having fewer 15-year licenses is to limit the number of people who can obtain Qualified Resident status by residing in Guernsey for 15 consecutive years.

### **5.6 *States Rents and Rebates***

To create affordability of housing on the local level, the States of Guernsey Housing Authority provides States housing to residents who may have low incomes or large families (in addition to issues such as special use homes and homes for the elderly). In general, people who qualify for States rents pay a Standard Rent that is less than private rental rates. States properties are local market properties, and housing types range from bed-sits (something less than a 1-bedroom apartment, similar to a studio apartment in the United States) to 5-bedroom homes. The rents also take into consideration the facilities, amenities and location of property for the rent

distribution. Table 5.1 shows current rents arranged by Category, which reflect difference in facilities, amenities, and location of the properties.

**Table 5.1: Current States Rental Structure in £/week**

Category	Bedsit	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom
11	-	70.26	89.78	-	-	-
10	47.30	65.40	72.35	83.34	92.98	101.79
9	45.45	62.86	69.41	78.85	89.14	-
8	43.53	60.14	66.54	76.37	85.26	-
7	41.65	57.60	63.61	72.89	81.32	-
6	39.82	54.96	60.84	69.41	77.45	85.02
5	37.86	52.39	57.89	65.95	73.52	-
4	36.03	49.79	54.96	62.52	69.57	76.14
3	34.00	47.15	52.10	59.06	65.70	-
2	32.23	44.28	49.15	55.58	61.76	-
1	30.39	41.38	46.38	52.10	57.89	-

*Source: States of Guernsey Housing Authority Archives*

If the tenant cannot afford the Standard Rent, subsidies can be considered through a Rent Rebate Scheme. About two-thirds of the people in States rental properties receive Rent Rebate. There are several categories in which one can apply for rent rebate, including household structure and income (means assessment).

Apart from rent rebates for people who may be struggling to pay the Standard Rent, there is a control on affordable housing if income levels start exceeding set amounts. Since April 1, 1993, the States Housing Authority implemented Income Related Rents for those tenants whose income level was considered high. If tenants fit into the category of having a high income, they need to pay more than the Standard Rent for States housing. Table 5.2 provides the allocation of additional rents payable depending on income as of 1998.

**Table 5.2: Allocation of additional Income Related States Rents payable as of 1998**

Amount of Earnings per week	Income Related Rent Rate
Earning £550/week	Rent is assessed at 1/6 of income = £91.66/week
Earning £575/week	Rent is assessed at 1/5 of income = £115.00/week
Earning £600/week	Rent is assessed at 1/4 of income = £150.00/week

*Source: States of Guernsey Housing Authority Archives*

The reason the Housing Authority set the additional charges is to encourage these tenants to move into the private rental market and make space for more needy families on the waiting list.<sup>3</sup>

Table 5.2 shows that the households earning £550 to £600/week are all paying around the same amount per week under this policy.

### **5.7 States Home Loan**

To assist first-time buyers in purchasing a property, States Loans are available. There are certain qualifications, such as being residentially qualified under the Housing Control Law, having lived in Guernsey for the immediate five consecutive years, and no ownership of property prior to loan.

The general maximum States Loan has been revised upward from the set rate of £87,000 to a variable amount depending on a range of factors, especially financial circumstances. If the

property is less than £87,000, one can obtain a 100% loan. There are other specifications for States Loans as well. One can receive a States Loan for either purchasing or constructing a non-purpose dwelling.

A States loan may cover 95% of a dwelling other than a flat that is not purpose-built, or up to 90% for non-purpose built flats.<sup>4</sup> Table 5.3 indicates the number of loans approved and maximum loan offered from 1993 to 1998.

**Table 5.3: Number of States Loans Approved from 1993 to 1998**

Year	No. of Loans Approved	Maximum Loan offered	House Price Index	House Price Index Lower Quartile
1993	89	£64,000	£95,000	£70,000
1994	97	£64,000	£97,000	£71,000
1995	66	£64,000	£102,000	£75,000
1996	45	£64,000	£126,000	£88,000
1997	31	£64,000	£140,000	£103,000
1998	33	£87,000	£147,000	£110,000

*Source: States of Guernsey Housing Authority Archives*

## 5.8 Rent Control Law

For rental properties, there are rent control laws as well as avenues to resolve conflicts on rental rate between the landlord and tenant. Currently there are less than 40 properties under rent control. The Cadastre Committee (similar to assessors in the United States) works with tenants and landlords if there is a dispute in rental rate due, for example, to maintenance of premise or other deficiencies. If the Cadastre Committee feel the rents should be revised, the committee will determine a more realistic rent, usually lower. Once the property is under rent control, it stays rent controlled for 5 years. The landlord is not allowed to evict the tenant for a period of 1

<sup>3</sup> Annual Review of States House Rents and Rebates, pg. 4

<sup>4</sup> Press Statement State Home Loans Scheme letter, pg. 1

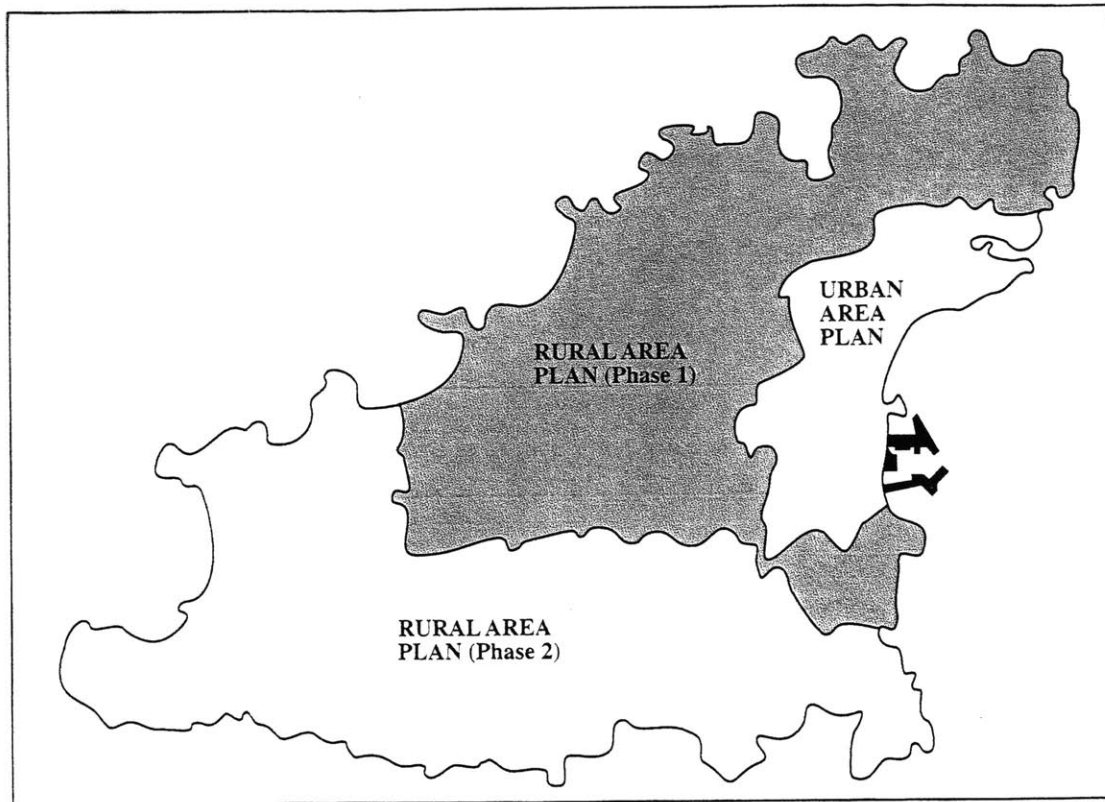
year unless there are other reasons to do so. The majority of properties currently under rent control are apartments in the local market. It is believed by some that the number of rent controlled properties is too low because tenants may not want to develop a bad relationship with the landlord by requesting the Cadastre Committee to impose rent control. Rent-controlled properties have been declining in number over the past years.

### ***5.9 Zoning and Future Plans***

There are many different housing types and vintage-specific styles in Guernsey. They vary from clusters of farmsteads, Georgian and Victorian style houses, to built-up residential areas. There are also several hundred houses built along the roadsides of Guernsey, especially in the west coast which developed before the mid 1960's (when construction of homes could be carried out in any location on the island). These homes were built along the roads and are known in planning terms as "ribbon development". In general, the home would be situated close to the roadside with large backyard space, which is now considered wasteful use of limited land resource.

In 1966, a planning strategy was created. It developed into a Strategic and Corporate Plan incorporating long-term planning into short- to medium-term strategies for the Island's future development. In 1998, an overall land use strategy was formed for an Urban Plan and Rural Plan (Phase I & II) -- two phases for the rural use and one phase for the urban use plan. Urban areas are specifically for growth in commercial, retail, leisure, and mixed-use developments. Rural areas are created to conserve and enhance "open space" or "countryside". Figure 5.1 depicts the overview plan for zoning.

**Figure 5.1: Urban and Rural Zoning Plans**



*Source: States of Guernsey Island Development Committee*

There are plans to have an average of 180 homes built per year between 1992 and 2006 in the urban area. Development of staff housing for the tourism and horticulture industries will be encouraged in the urban area. This is to ensure that there is enough housing for non-local short-term staff and to protect the local market housing stock. In the urban plan area, sites to be developed include existing sites for residential development, infill sites, conversion of vacant or under-used upper floors, mixed-use redevelopment areas, and available States' properties.

In addition to the provisions of 180 homes to be built in the urban area per year, there are also plans to have space marked out to accommodate 100 new homes in the rural area during the life



of the Plan. The development of new housing should take into consideration architectural and historical interests and preservation of the rural areas to prevent “the wholesale suburbanization of the island”.<sup>5</sup> The provisions for housing growth are not permanent and changes have been made to the land regulation policies regularly. The current draft Strategic and Corporate Plan calls for an average of 250 (urban and rural) new homes per year. The Strategic and Corporate Plan also indicates other strategies for the island and stipulates the length of housing licenses to be granted.

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<sup>5</sup> States of Guernsey Island Development Committee Rural Area Plan (Phase 1), pg. 17

## **VI. Results & Conclusions**

### ***6.1 Introduction***

There are several interesting aspects of the Guernsey housing market to reflect upon. There is demand for non-locals to work on the Island, there are strict housing controls to protect the local market housing, and there are provisional strategic plans for future housing development on the island. To obtain an overview of the housing situation on other similar islands, and applications of the Guernsey system, a comparison is made to the current housing situation in Bermuda.

## 6.2 *Housing Controls*

Guernsey has an interesting history. Initially, agriculture was the primary industry on the island, followed by tourism, and now finance. Finance is now the major economic sector, having the largest impact on economic growth with its four main strengths in banks, insurers, investment managers, and fiduciaries. With the changes in economy, there have been many changes in employment and hiring needs. (The number of unemployed is currently under 100 people.)

In the workplace, there is a shortage of locals for senior positions with expertise in specific fields. At the same time, there is also a shortage of blue-collar workers, and to maintain moderate labor costs hiring non-locals has followed.

Because of the non-local demand on the housing market, housing laws were developed to protect the stock from demand forces at both levels -- “essential” and “short-term” workers. Today we can see that these policies are working to protect the local market stock for locals.

There are, however, a few issues to address on these policies. One concern is to make sure regulations are not too severe, as then they could dissuade non-locals from residing and working on the island, depriving the island of benefits they could provide.

With regard to the type of non-locals working in the island, blue-collar non-locals do not pose a serious housing problem because housing may need to be supplied by the employer. For example, hotels may be required to provide staff accommodation or lodgings within their premises.

Essential license holders, however, could have a larger impact on the housing market. By having an essential license, one can reside in local market housing, taking up some of the main stock for locals. However, there is a minimum rateable value for property these people can live. This protects the lower-end local properties. This decreases the demand for less expensive property and assists in affordability of housing for locals.

The majority of essential license holders are for 3-year and 5-year terms. This is a concern. Because of the limited time frame essential license holders can reside in Guernsey, they may decide to rent property rather than purchase, which could put pressures on the rental market. However, it appears that the rental market is not being greatly impacted in this way. Rents are increasing, but less house prices.

If these essential license holders are not renting property, they can have the option to purchase local market property. Although there is a control on the level to purchase or rent based on minimum rateable value of a property, if an essential worker were to purchase property, it would nonetheless add to the demand for local market property. This can add to the increase in property prices, which is currently being seen. It is possible that non-locals decide to purchase property to make a profit from house price increases while they work there and receive capital gains from their property when they leave. (But housing prices are not always cooperatively increasing.) This possibility is consistent with the fact that recently, prices have increased more rapidly than rents. The majority of essential license holders are in the finance industry and they can compete for the purchase of property. One aspect of property sales is that there is tax on profit under the Dwelling Profits Tax; however, there is a condition that if one resides in the

property for a minimal period of 12 months, this tax can be exempt.<sup>1</sup> This tax exemption fits in well with the term of non-local essential license holders, as their license is for 3 years or longer.

The length of 5-year and 3-year licenses for essential workers is also a concern. The controls on essential licenses make it difficult for non-local employees to reside in Guernsey for over 5 years and is a pressure on employers. For instance, a five-year license holder may need about a year to adapt to the island. After working for two years productively, a search must start for alternative employment opportunities elsewhere.<sup>2</sup> Constant turnover of staff makes hiring qualified staff time consuming and can increase costs for hiring relevant people with needed expertise. The unemployment level is low in Guernsey, and because of the limited expertise and controls for bringing in non-locals with specific expertise, employees with the relevant background can demand a higher salary that in effect can affect the overall economy of the island, including housing prices and rents.<sup>3</sup>

Another issue in the housing regulations is the limited amount of housing in the open market. One question is whether this stock will eventually increase as total population increases. A suggestion would be to expand the open market system or to increase it in relation to population growth. This way the gap between the open market and local market prices will not grow further.

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<sup>1</sup> Lovells Guernsey Property Portfolio, pg. 11

<sup>2</sup> Contact, pg. 4

<sup>3</sup> Contact, pg. 4

On the affordability of housing for locals, a concern is the increasing number of States renters over time. There is a greater demand for States rental properties than can be realized by the waiting list of people to reside in these properties. A concern is that although there is an increase in owner-occupiers, there is also a slight increase in States-let housing, which is controlled expansion of government-let properties. This is a concern as the gap between people who can afford property and those who cannot may be getting wider.

Overall, the Guernsey housing control system seems to be working, but there should be caution about house prices becoming too high due to constraints. There is an increase in number of owner-occupiers, with the number of renters declining. The percent of households who are owner-occupiers has increased to 64%. In addition, the housing schemes to assist first time buyers such as the loan scheme can be helpful.

### **6.3 *Future Zoning Plans***

The long-term urban and rural plans is a step in the right direction with its planning strategies for future growth and needs. One suggestion about building up housing areas would be to create mid- to high-rise apartments like 8- to 10-storey apartment complexes, taking into consideration the surroundings. This could be a more efficient use of space for housing more people. When I visited the island, it did not seem like there were any house dwellings above 4- or 5-storeys. Having some mid-rise properties can create new landmarks and save space on the island, while attending the need to build 180 new properties every year in response to the growth of the population and declining household size.

Another suggestion with regard to efficiency of space is to consider reclamation of land for future housing developments. This is what is being done in other island-like settings such as Singapore, where there is planning for future population growth. This is a very expensive option, and it is unlikely to be adopted in Guernsey in the foreseeable future.

The other concern is the decline in horticulture and hotels. The country has many indigenous people and farming and horticulture has been one of the main focuses. With use of short-term non-local workers, costs can be kept low. The Rural Plan is a good step toward preserving historical and archaeological/architectural places of interest. It is necessary to preserve some of these industries as it is part of the culture and history, but at the same time other sectors are growing. The Rural Plan also reduces Guernsey's dependence on a single industry.

Farmers and horticulturists have had children that work in merchant banking and other finance related fields. As all this is happening, there is a need for specialized skills. On the Island, the highest institute of education is a 2-year college. For the expertise required in banking, as well as for doctors, lawyers, and other professionals, a certain level of education is required. Currently, to obtain a university degree, one would need to receive further education outside of the Island. One suggestion is to create a 4-year university that can make it easier for locals to obtain a university degree within Guernsey. This is also beneficial as more locals can meet the requirements for positions requiring certain educational requirements, and the need for essential license holders could decrease.

#### **6.4 Comparison to Bermuda**

Looking at the bigger picture of how island resort economies work, it is interesting to look at another island that is similar in some ways to Guernsey, but with important differences. By comparing Bermuda to Guernsey, we can learn several unique aspects of both housing policies and how the housing market is reacting.

Bermuda is a comparable island. It has its own unique government with dependency upon the United Kingdom, a similar population size of approximately 60,144 and area of 53.3 square kilometers, similar tax incentives, and about 20% non-locals working on the island. Bermuda has also recently seen a shift from the demand in the tourism industry to finance and insurance.

In Bermuda, a main housing concern is that non-locals cannot purchase the majority of property on the island, so they need to rent property. Some properties can be purchased but at a very high price. You need to be a Bermuda citizen to buy a property from the main stock of housing in Bermuda.

For non-local demand, there is outsourcing of executives in specific industries, particularly in insurance. There are several finance executives on the island and Bermuda is renowned for its captive insurance companies of which they have over 1,400 -- the largest number of these companies anywhere in the world. For instance, if expatriates who work on the island get an "expat package" including housing compensation and owning a home is difficult, these expats may rent luxury homes. Local owners may then rent "down market" or buy another property. A direct effect of this is that rents are increasing very rapidly. Because of the need for non-locals



with expertise in many of the financial positions in Bermuda, these workers bid up rents. This causes a negative effect for non-locals coming to the island, as well as additional costs to companies that need to take this into account in their employees' salaries. On the local side, this is affecting the lower priced properties because of the additional demand from those Bermudians renting down market. This effect trickles down to lower income housing, and thus affects affordability.

In Guernsey, this is not happening. This is because of the strict housing policies on non-locals. In Bermuda, the housing policy to not allow non-locals purchase property had good intentions because Bermuda is a favorable place to live and many non-locals would want to purchase property to live in Bermuda. A main reason for the increase in rents is due to the non-local housing needs that do not seem to be fully addressed in the policies in Bermuda.

The current housing system is allowing locals to abuse ownership-control, especially due to the fact that the financial industry is doing very well. Rents become artificially high, affecting many local Bermudians who are finding it difficult to keep up with the increasing rents and costs. This of course affects the housing prices as well.

One suggestion for Bermuda is to create a committee similar to Guernsey's Cadastre Committee that oversees rental issues and provides added controls through property regulations and recording of property assessments. This way, there could be some conditions on rental of property in general which are also applicable to non-Bermudian housing. It might be useful to

determine where non-Bermudians reside, and to have some controls on the rent increments for renewal of leases.

Another suggestion could be to create a housing market specifically for the non-Bermudian community, as they are about 20% of the workforce on the island. An application from the Guernsey housing policies is to make distinctions in work permits -- whether they are blue-collar workers or senior executives of international companies or professionals in other industries. Accommodation could be directed according to work permit type. Housing types could be sponsored by the Government, which could receive attractive rents. These profits can be contributed toward funds for local affordability of housing for Bermudians. Rents could rise less, and non-Bermudians would have a more consistent system for their accommodation.

By thoughtfully thinking about the needs of the local people, Bermuda can learn from Guernsey in developing housing policies. Guernsey's system has been well thought out, and over time has improved and changed according to changing economic circumstances. Guernsey has focused its housing policies toward protection of the housing stock from outside demands and local concerns. They have done a good job so far, and it will be interesting to see how the housing develops given new regulations and zoning.

## VII. Appendix

### A2.1 Housing Control Law – Qualified Residents

“Principal ways a person can be a ‘Qualified Resident’ under the current Guernsey Housing Law:

A qualified resident is a person who:

1. lived in Guernsey at any time between 1 January 1938, and 30 June 1957, and was occupying a dwelling in Guernsey on 31 July 1968; or
2. on the 31 July 1968, was the spouse or child of a person qualified under 1 above and had lived in Guernsey for a total of at least 5 years before 26 March 1975; or
3. was born in Guernsey before 1 July 1994 and who has lived in Guernsey continuously since birth; or
4. was born in Guernsey and has lived in Guernsey for a total of at least 10 years in a 20 year period; or
5. has lived in Guernsey for a total of at least 10 years in a 20 year period and is the child of a person qualified under 4 of above; or
6. has lived in Guernsey and cohabited, in the island, as the married spouse of a qualified resident for at least 10 consecutive years; or
7. has lived in Guernsey as an essential employment license holder for at least 15 consecutive years; or
8. is the child of a person who has qualified after 15 years as an essential employment license holder, but only if the child was first resident with his parent under the age of 18 and has lived in Guernsey for a total of at least 15 years in a 25 year period; or
9. has lived in dwellings in Guernsey by virtue of a housing license for at least 20 consecutive years; or
10. has lived in Guernsey for at least 20 years in total in a 30 year period and who was under age 18 when he first occupied a dwelling in Guernsey with his parent.

These notes are for general guidance only and must not be regarded as a full or authoritative statement of the provisions of the Housing Control Law.”<sup>1</sup>

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<sup>1</sup> States of Guernsey Housing Authority Archives

**Table A3.1 Breakdown of Housing License Statistics from 1989 to 1998**

Housing Licenses	1989	1990	1991	Term	1992	1993	1994	1995	1996	1997	1998
Hotel & Catering	-	17	16	3 yrs	2	0	6	6	9	15	13
				5 yrs	6	15	21	27	34	39	27
				Other	5	1	1	0	1	2	0
				15 yrs	1	4	2	0	3	0	0
Finance Industry	40	46	12	3 yrs	6	14	12	18	24	27	25
				5 yrs	10	15	23	40	38	24	40
				Other	12	4	8	3	4	1	9
				15 yrs	5	20	8	11	15	9	8
Other Essential	72	43	61	3 yrs	11	12	6	6	18	13	24
				5 yrs	26	22	21	20	33	32	53
				Other	20	13	11	5	10	3	15
				15 yrs	3	14	12	13	15	14	28
Total Essential Licenses	112	106	89		107	134	131	149	204	179	242
Short-term licenses (Hotel & Catering)	550 (all)	300	634		957	770	986	1,115	1,312	1,500	1513
Short-term licenses (Horticulture)		-	-		355	614	462	628	557	646	645
Other	359	910	999		707	793	832	828	915	1,081	939
Total Non-Essential Licenses	909	1,210	1,633		2,019	2,177	2,280	2,571	2,784	3,227	3,097
TOTAL number of Housing Licenses	1,021	1,316	1,722		2,126	2,311	2,411	2,720	2,988	3,406	3,339

Source: States Advisory & Finance Committee

**Table A3.2 Population by Selected Age Groups from 1971 to 1996**

Age Group	1971	1976	1981	1986	1991	1996
0 to 14	11,999	11,758	10,378	9,692	9,999	10,344
15 to 64	32,076	33,928	34,463	36,994	39,588	39,132
65 +	7,383	7,951	8,472	8,796	9,280	9,205
Total	51,458	53,637	53,313	55,482	58,867	58,681

Source: Guernsey Census 1996, pg. 24

**Table A3.3 Household Types from 1991 to 1996**

Household Type	Households	
	1991	1996
One Person Under 65	2,275	2,506
One Person Aged 65 plus	2,366	2,413
Single Parent	683	829
Single plus Adult Child	888	843
Couple Alone	6,016	6,481
Couple with Child under 18	5,470	5,506
Couple with Children over 18	2,307	2,243
Other	1,210	1,041
<b>Total</b>	<b>21,215</b>	<b>21,862</b>

Source: Guernsey Census 1996, pg. 74

**Table A3.4 All Households by Tenure and Type in 1996**

	Local Market	Open Market	Local Market	Open Market	Local Market	Total
	Owner-occupied	Owner-occupied	Private-let	Private-let	States-let	
One person household aged under 65	1,102	94	1,103	104	139	2,542
One person household aged 65 plus	1,333	217	574	26	308	2,458
Single person: at least one child under 18	331	27	168	6	304	836
Single person: all children 18 or over	495	52	104	10	185	846
Married couple living alone	3,796	438	635	67	351	5,287
Cohabiting couple living alone	576	34	574	27	20	1,231
Married couple: at least one child under 18	3,838	182	437	82	479	5,018
Cohabiting couple: at least one child 18 or over	246	7	153	9	120	535
Married couple: all children 18 or over	1,703	136	114	25	199	2,177
Cohabiting couple: all children 18 or over	49	2	11	2	16	80
Other	580	123	315	106	82	1,206
<b>Total</b>	<b>14,049</b>	<b>1,312</b>	<b>4,188</b>	<b>464</b>	<b>2,203</b>	<b>22,216</b>

Source: Guernsey Census 1996, pg. 138

**Table A3.5 Household Expenditure Patterns (Percentages) from 1964 to 1993**

Group	1964	1973	1978	1983	1988	1993
Food	31.7	25.5	23.0	19.3	14.9	16.3
Alcoholic Drink	5.0	5.1	4.2	4.4	3.9	3.8
Tobacco	3.6	2.1	1.9	1.9	1.2	1.4
Housing	10.9	11.1	9.6	12.2	18.1	20.6
Fuel, Light & Power	6.4	7.7	7.3	8.2	5.6	5.7
Durable Household Goods	4.8	6.1	8.2	8.3	-	-
Clothing & Footware	10.2	9.1	7.6	7.5	8.2	6.5
Transport & Vehicles	10.0	13.2	16.1	15.7	-	-
Miscellaneous	7.9	8.0	8.7	8.0	-	-
Services	9.0	9.2	9.9	10.0	-	-
Food Away From Home	0.5	2.9	3.5	4.5	5.5	4.8
Household Goods	-	-	-	-	9.5	7.0
Household Services	-	-	-	-	2.6	2.4
Personal Goods	-	-	-	-	5.8	5.8
Motoring Expenditure	-	-	-	-	9.9	10.0
Fares/Other Travel	-	-	-	-	3.2	2.6
Leisure Goods	-	-	-	-	5.2	5.7
Leisure Services	-	-	-	-	6.4	7.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: 1999 Economic & Statistics Review, pg. 61

**Table A3.6 Annual Rate of Retail Price Increase (Percent) from March 1965 to March 1999**

Year	March %	June %	Sept %	Dec %
1965	3.3	3.6	4.7	3.7
1966	3.1	3.6	3.5	3.6
1967	3.5	3.7	2.7	2.5
1968	4.1	3.6	4.5	4.4
1969	3.8	4.1	3.8	5.0
1970	5.8	5.8	6.7	6.9
1971	7.9	9.0	8.7	8.9
1972	7.4	7.6	8.5	9.9
1973	11.5	12.5	12.9	13.3
1974	16.4	20.1	20.8	22.0
1975	23.1	23.1	22.5	20.5
1976	19.4	14.7	15.6	18.5
1977	17.6	20.5	19.7	15.0
1978	12.2	9.9	9.0	9.1
1979	9.8	9.8	11.4	13.5
1980	15.2	16.7	15.3	14.1
1981	12.8	10.7	10.7	10.5
1982	9.7	8.7	7.3	6.1
1983	5.0	4.4	4.7	4.5
1984	5.1	6.0	6.2	6.9
1985	7.4	7.5	7.7	6.1
1986	5.2	3.8	3.1	4.1
1987	3.8	5.0	5.4	5.8
1988	5.3	5.5	6.3	7.1
1989	8.6	9.0	9.8	9.7
1990	10.2	9.7	10.4	9.8
1991	8.6	8.7	6.1	5.5
1992	4.6	4.1	3.6	3.2
1993	2.3	1.5	1.8	1.4
1994	2.9	2.3	2.0	2.4
1995	3.0	3.5	4.0	3.6
1996	2.5	2.1	2.0	2.8
1997	3.1	4.0	4.4	4.7
1998	4.1	4.0	4.0	3.2
1999	2.1			

Source: 1999 Economic & Statistics Review, pg. 62

**Table A3.7 Bank Base Rates from June 1972 to June 1999**

Year	Date	% Rate	Year	Date	% Rate	Year	Date	% Rate
1972	12-Jun	5.00	1982	25-Jan	14.00	1988	2-Feb	9.00
	29-Jun	6.00		25-Feb	13.50		17-Mar	8.50
	21-Jul	7.00		12-Mar	13.00		11-Apr	8.00
	12-Dec	7.50		8-Jun	12.50		18-May	7.50
1973	2-Jan	8.50		14-Jul	12.00		6-Jun	8.50
	14-Feb	9.50		2-Aug	11.50		22-Jun	9.00
	3-Apr	9.00		18-Aug	11.00		28-Jun	9.50
	22-May	8.50		31-Aug	10.50		4-Jul	10.00
	25-Jun	8.00		7-Oct	10.00		18-Jul	10.50
	1-Aug	10.00		14-Oct	9.50		8-Aug	11.00
	22-Aug	11.00		5-Nov	9.00		25-Aug	12.00
	14-Nov	13.00		26-Nov	10.00		25-Nov	13.00
1974	11-Apr	12.50	1983	12-Jan	11.00	1989	1-Oct	14.00
	23-May	12.00		15-Mar	10.50		10-Oct	15.00
1975	20-Jan	11.50		15-Apr	10.00	1990	8-Oct	14.00
	4-Mar	10.75		15-Jun	9.50	1991	13-Feb	13.50
	25-Mar	10.25		4-Oct	9.00		27-Feb	13.00
	21-Apr	9.50	1984	7-Mar	8.75		22-Mar	12.50
	5-Aug	10.00		10-May	9.25		13-Apr	12.00
	6-Oct	11.00		6-Jul	10.00		12-Jul	11.00
1976	12-Jan	10.50		11-Jul	12.00		4-Sep	10.50
	2-Feb	10.00		9-Aug	11.50	1992	5-May	10.00
	6-Feb	9.50		10-Aug	11.00		16-Sep	12.00
	24-May	10.50		20-Aug	10.50		22-Sep	9.00
	14-Sep	12.00		7-Nov	10.00		16-Oct	8.00
	8-Oct	14.00		20-Nov	9.75		13-Nov	7.00
1977	25-Jan	13.00	1985	11-Jan	10.50	1993	26-Jan	6.00
	4-Feb	12.50		14-Jan	12.00		23-Nov	5.50
	18-Feb	11.50		28-Jan	14.00	1994	7-Feb	5.25
	11-Mar	10.50		20-Mar	13.50		12-Sep	5.75
	31-Mar	9.50		3-Apr	13.25		7-Dec	6.25
	26-Apr	9.00		12-Apr	12.75	1995	2-Feb	6.75
	3-May	8.50		12-Jun	12.50		14-Dec	6.50
	9-Aug	8.00		15-Jul	12.00	1996	18-Jan	6.25
	13-Sep	7.00		29-Jul	11.50		8-Mar	6.00
	17-Oct	6.00	1986	9-Jan	12.50		6-Jun	5.75
	2-Dec	7.50		19-Mar	11.50		30-Oct	6.00
1978	9-Jan	6.50		8-Apr	11.00	1997	6-Jun	6.50
	20-Apr	7.50		21-Apr	10.50		10-Jul	6.75
	10-May	9.00		27-May	10.00		7-Aug	7.00
	12-Jun	10.00		14-Oct	11.00		6-Nov	7.25
	3-Nov	11.50	1987	3-Mar	10.50	1998	4-Jun	7.50
	14-Nov	12.50		18-Mar	10.00		8-Oct	7.25
1979	13-Feb	13.50		29-Apr	9.50		9-Nov	6.75
	6-Mar	13.00		11-May	9.00		10-Dec	6.25
	6-Apr	12.00		7-Aug	10.00	1999	7-Jan	6.00
	15-Jun	14.00		26-Oct	9.50		4-Feb	5.50
	16-Nov	17.00		5-Nov	9.00		8-Apr	5.25
1980	4-Jul	16.00		4-Dec	8.50		10-Jun	5.00
	25-Nov	14.00						
1981	11-Mar	12.00						
	16-Sep	14.00						
	1-Oct	16.00						
	14-Oct	15.50						
	9-Nov	15.00						
	4-Dec	14.50						

Source: States Advisory & Finance Committee



**Table A3.8 Rateable Value Tax for all Premise Types**

	1981	1984	1989	1991	1993	1995	1997	1999
<b>Domestic Premises</b>	0.30	0.54	0.70	1.05	1.10	1.22	1.22	1.22
<b>Premises other than domestic premises</b>								
Tourist premises	0.52	0.94	1.20	1.80	1.90	2.10		
Horticulture premises	0.35	0.35	0.45	0.68	0.71	0.79		
Agricultural premises	0.25	0.35	0.45	0.68	0.71	0.79		
Public Utility premises	0.52	0.94	1.20	1.80	1.90	2.10		
Business premise	0.52	0.94	1.20	1.80	1.90	2.10		
Public premises	0.52	0.94	1.20	1.80	1.90	2.10		
Multiple use premises	0.41	0.74	0.95	1.43	1.50	1.66		

*Source: States Cadastre Department Archives*

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