

2.6 Deputy G.C.L. Baudains of St. Clement of the Chief Minister regarding ...

Could the Chief Minister advise whether the Council of Ministers intends to re-introduce the States loan scheme as a matter of urgency in order to assist homebuyers if banks are less inclined to loan?

Senator I.J. Gorst (The Chief Minister):

The Council of Ministers have outlined in the Strategic Plan and the *Achieving Decent Homes* White Paper that achieving decent and affordable housing is an urgent priority. The Council intends to produce a housing strategy to support these objectives. Tools such as shared ownership schemes and deposit schemes are being considered.

[10:15]

The Minister for Housing and the Minister for Treasury and Resources intend to jointly announce a possible deposit scheme in the medium-term financial plan.

2.6.1 Deputy G.C.L. Baudains:

It does sound to me that the Council Ministers have the best intentions but it could be some time before anything really happens. Is it not the case that the States loan scheme could be introduced almost immediately? After all, it did expire, if that is the right term, simply because it had got out of kilter with the bank's interest rates at that time and became less popular. Now it is the other way around. The case is today even millionaires with collateral cannot seem to get a £10,000 bridging loan.

Senator I.J. Gorst:

I could not possibly comment on millionaires with collateral and their ability to secure bridging loans. Perhaps he needs to advise his parishioner, whoever it may be, to change financial institutions. The Deputy raised a very pertinent point about speed, which is why I indicated that I believe it is the intention of the Minister for Housing and the Minister for Treasury and Resources to come forward with a scheme in the medium-term financial plan. It would of course need to be therefore, in effect, approved and this Assembly give it support and that is not acting slowly. It is acting extremely quickly. If we understand what is happening in the housing market, it does appear that financial institutions are prepared to lend. The problem is the loan to value ratio and therefore, a deposit scheme should alleviate that problem.

2.6.2 Deputy T.M. Pitman:

What I would like to know and I think the Chief Minister has probably indicated his feelings on this, does he agree with me that the States loan scheme should never have been abandoned because it was a great incentive and assistance to many local people and with the benefit of hindsight it would have been better if we were not where we are today?

Senator I.J. Gorst:

I try not to indulge in the benefit of hindsight. We, as a previous occupant of this post, used to say: "We are where we are." We need to understand the problem in the marketplace and bring forward measures to deal with that and I believe that such a scheme as I have outlined will do that.

2.6.3 Deputy T.M. Pitman:

Would those initiatives include controlling the actual value of land because that is the key to everything really? Would the Minister not agree?

Senator I.J. Gorst:

Price control is a very difficult area and has many unintended consequences and it is not something that I would wish to encourage.

2.6.4 Deputy J.H. Young of St. Brelade:

Would the Minister confirm that the proposals under consideration are going to be focused on assisting first-time buyers to return back to the market?

Senator I.J. Gorst:

It will be a scheme that is brought forward by the Minister for Housing and the Minister for Treasury and Resources but I believe that is their intention.

2.6.5 Deputy G.C.L. Baudains:

I made the comment about wealthy people unable to obtain even small loans as part of their collateral simply because it seems to indicate that was an actual case. It tends to indicate that the banks are unwilling to loan. Will the Chief Minister agree with me that in fact the banks are increasingly reluctant to loan and therefore, this scheme to assist homebuyers is in fact a priority?

Senator I.J. Gorst:

The scheme is a priority. Perhaps, in the strange economic world in which we now live I might say a word in defence of bankers. Banks are being asked to strengthen their balance sheet and capital requirements and yet at the same time, politicians the world over are expecting them to loan and ease the credit market. It is difficult to say that in Jersey banks are not prepared to lend. The problem appears to be, as I said right at the start, the loan to value issue and if we can bring forward a scheme that deals with that concern then I believe that we can alleviate the credit market in that respect.